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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

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.)**

111 S. Wacker Drive, Suite 4800
Chicago, Illinois
(Address of Principal Executive Offices)

60606
(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 ☑ 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 ☑ 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 ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

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 August 1, 2011:
Common Stock, $0.25 par value	287,919,941

VENTAS, INC.
FORM 10-Q

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VENTAS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Assets		
Real estate investments:		
Land	$ 854,055	$ 559,072
Buildings and improvements	8,969,465	6,035,295
Construction in progress	41,240	6,519
Acquired lease intangibles	317,850	146,813
	10,182,610	6,747,699
Accumulated depreciation and amortization	(1,601,662)	(1,468,180)
Net real estate property	8,580,948	5,279,519
Loans receivable, net	634,472	149,263
Investments in unconsolidated entities	14,765	15,332
Net real estate investments	9,230,185	5,444,114
Cash and cash equivalents	26,702	21,812
Escrow deposits and restricted cash	64,261	38,940
Deferred financing costs, net	16,129	19,533
Other assets	296,756	233,622
Total assets	$ 9,634,033	$ 5,758,021
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	$ 5,007,080	$ 2,900,044
Accrued interest	26,558	19,296
Accounts payable and other liabilities	401,151	207,143
Deferred income taxes	279,668	241,333
Total liabilities	5,714,457	3,367,816
Commitments and contingencies		
Equity:		
Ventas stockholders' equity:		
Preferred stock, $1.00 par value; 10,000 shares authorized, unissued	—	—
Common stock, $0.25 par value; 300,000 shares authorized; 188,106 and 157,279 shares issued at June 30, 2011 and December 31, 2010, respectively	47,063	39,391
Capital in excess of par value	4,254,137	2,576,843
Accumulated other comprehensive income	28,212	26,868
Retained earnings (deficit)	(412,694)	(255,628)
Treasury stock, 0 and 14 shares at June 30, 2011 and December 31, 2010, respectively	—	(748)
Total Ventas stockholders' equity	3,916,718	2,386,726
Noncontrolling interest	2,858	3,479
Total equity	3,919,576	2,390,205
Total liabilities and equity	$ 9,634,033	$ 5,758,021

See accompanying notes.

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VENTAS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Revenues:				
Rental income:				
Triple-net leased	$ 120,129	$ 117,386	$ 238,732	$ 233,719
Medical office buildings	23,758	12,240	47,994	24,429
	143,887	129,626	286,726	258,148
Resident fees and services	202,482	109,867	316,984	218,353
Medical office building services revenue	9,822	—	16,779	—
Income from loans and investments	8,391	3,705	14,476	7,322
Interest and other income	78	122	156	385
Total revenues	364,660	243,320	635,121	484,208
Expenses:				
Interest	53,732	43,840	96,290	87,930
Depreciation and amortization	80,755	50,040	132,514	102,354
Property-level operating expenses:				
Senior living	136,739	71,059	214,850	145,736
Medical office buildings	8,278	4,124	16,954	8,326
	145,017	75,183	231,804	154,062
Medical office building services costs	7,954	—	13,490	—
General, administrative and professional fees (including non-cash stock-based compensation expense of $4,352 and $3,057 for the three months ended 2011 and 2010, respectively, and $8,368 and $6,089 for the six months ended 2011 and 2010, respectively)	15,554	9,858	30,386	20,541
Loss on extinguishment of debt	6	6,549	16,526	6,549
Merger-related expenses and deal costs	55,807	4,207	62,256	6,526
Other	(7,773)	121	(7,772)	15
Total expenses	351,052	189,798	575,494	377,977
Income before loss from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	13,608	53,522	59,627	106,231
Loss from unconsolidated entities	(83)	—	(253)	—
Income tax benefit (expense)	6,209	(409)	9,406	(695)
Income from continuing operations	19,734	53,113	68,780	105,536
Discontinued operations	—	5,852	—	6,597
Net income	19,734	58,965	68,780	112,133
Net income attributable to noncontrolling interest (net of tax of $0 and $559 for the three months ended 2011 and 2010, respectively, and $0 and $978 for the six months ended 2011 and 2010, respectively)	58	898	120	1,447
Net income attributable to common stockholders	$ 19,676	$ 58,067	$ 68,660	$ 110,686
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders	$ 0.11	$ 0.33	$ 0.41	$ 0.67
Discontinued operations	—	0.04	—	0.04
Net income attributable to common stockholders	$ 0.11	$ 0.37	$ 0.41	$ 0.71
Diluted:				
Income from continuing operations attributable to common stockholders	$ 0.11	$ 0.33	$ 0.40	$ 0.66
Discontinued operations	—	0.04	—	0.04
Net income attributable to common stockholders	$ 0.11	$ 0.37	$ 0.40	$ 0.70

Weighted average shares used in computing earnings per common share:								
Basic		176,262		156,611		168,369		156,533
Diluted		177,945		157,441		170,013		157,206
Dividends declared per common share	$	0.7014	$	0.535	$	1.2764	$	1.07

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the Six Months Ended June 30, 2011 and the Year Ended December 31, 2010
(In thousands, except per share amounts)

	Common Stock Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Treasury Stock	Total Ventas Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at January 1, 2010	$ 39,160	$2,573,039	$ 19,669	$(165,710)	$ (647)	$ 2,465,511	$ 18,549	$ 2,484,060
Comprehensive Income:								
Net income	—	—	—	246,167	—	246,167	3,562	249,729
Foreign currency translation	—	—	6,951	—	—	6,951	—	6,951
Change in unrealized gain on marketable debt securities	—	—	354	—	—	354	—	354
Other	—	—	(106)	—	—	(106)	—	(106)
Comprehensive income	—	—	—	—	—	253,366	3,562	256,928
Net change in noncontrolling interest	—	(18,503)	—	—	—	(18,503)	(18,632)	(37,135)
Dividends to common stockholders — $2.14 per share	—	—	—	(336,085)	—	(336,085)	—	(336,085)
Issuance of common stock for stock plans	197	21,076	—	—	3,371	24,644	—	24,644
Grant of restricted stock, net of forfeitures	34	1,231	—	—	(3,472)	(2,207)	—	(2,207)
Balance at December 31, 2010	39,391	2,576,843	26,868	(255,628)	(748)	2,386,726	3,479	2,390,205
Comprehensive Income:								
Net income	—	—	—	68,660	—	68,660	120	68,780
Foreign currency translation	—	—	3,059	—	—	3,059	—	3,059
Change in unrealized gain on marketable debt securities	—	—	(1,679)	—	—	(1,679)	—	(1,679)
Other	—	—	(36)	—	—	(36)	—	(36)
Comprehensive income	—	—	—	—	—	70,004	120	70,124
Net change in noncontrolling interest	—	(3,170)	—	—	—	(3,170)	(741)	(3,911)
Dividends to common stockholders — $1.2764 per share	—	—	—	(225,726)	—	(225,726)	—	(225,726)
Issuance of common stock	7,631	1,673,209	—	—	—	1,680,840	—	1,680,840
Issuance of common stock for stock plans	8	8,285	—	—	223	8,516	—	8,516
Grant of restricted stock, net of forfeitures	33	(1,030)	—	—	525	(472)	—	(472)
Balance at June 30, 2011	$ 47,063	$4,254,137	$ 28,212	$(412,694)	$ —	$ 3,916,718	$ 2,858	$ 3,919,576

See accompanying notes.

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

	For the Six Months Ended June 30, 2011	2010
Cash flows from operating activities:		
Net income	$ 68,780	$ 112,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amounts in discontinued operations)	132,514	102,722
Amortization of deferred revenue and lease intangibles, net	(5,333)	(2,943)
Other amortization expenses	3,366	4,367
Capital lease non-cash interest	(307)	—
Change in fair value of interest rate swaps	(8,887)	—
Stock-based compensation	8,368	6,089
Straight-lining of rental income	(3,749)	(4,975)
Loss on extinguishment of debt	16,526	6,549
Net gain on sale of real estate assets (including amounts in discontinued operations)	—	(5,225)
Gain on real estate loan investments	(3,255)	—
Gain on sale of marketable securities	(733)	—
Income tax (benefit) expense	(9,404)	695
Loss from unconsolidated entities	253	—
Other	689	(238)
Changes in operating assets and liabilities:		
Increase in other assets	(9,940)	(5,174)
Increase (decrease) in accrued interest	4,008	(1,292)
Decrease in accounts payable and other liabilities	(6,596)	(4,991)
Net cash provided by operating activities	186,300	207,717
Cash flows from investing activities:		
Net investment in real estate property	(264,464)	(22,915)
Purchase of noncontrolling interest	(3,319)	—
Investment in loans receivable	(612,925)	(15,796)
Proceeds from real estate disposals	—	23,029
Proceeds from loans receivable	132,363	1,323
Proceeds from sale of marketable securities	23,050	—
Capital expenditures	(19,236)	(7,078)
Other	(75)	—
Net cash used in investing activities	(744,606)	(21,437)
Cash flows from financing activities:		
Net change in borrowings under revolving credit facilities	99,500	117,280
Proceeds from debt	704,111	696
Repayment of debt	(337,427)	(215,171)
Payment of deferred financing costs	(1,363)	(1,840)
Issuance of common stock, net	299,884	—
Cash distribution to common stockholders	(201,949)	(167,829)
Contributions from noncontrolling interest	—	633
Distributions to noncontrolling interest	(616)	(4,277)
Other	955	4,673
Net cash provided by (used in) financing activities	563,095	(265,835)
Net increase (decrease) in cash and cash equivalents	4,789	(79,555)
Effect of foreign currency translation on cash and cash equivalents	101	(48)
Cash and cash equivalents at beginning of period	21,812	107,397
Cash and cash equivalents at end of period	$ 26,702	$ 27,794
Supplemental schedule of non-cash activities:		
Assets and liabilities assumed from acquisitions:		
Real estate investments	$ 3,140,924	$ 496
Other assets acquired	110,722	(355)
Debt assumed	1,621,641	—
Other liabilities	200,962	141
Deferred taxes	48,087	—
Equity issued	1,380,956	—

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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”) is a real estate investment trust (“REIT”) with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. As of June 30, 2011, our portfolio consisted of 719 properties: 357 seniors housing communities, 187 skilled nursing facilities, 40 hospitals and 135 medical office buildings (“MOBs”) and other properties in 43 states, the District of Columbia and two Canadian provinces. We are a constituent member of the S&P 500 ® index, a leading indicator of the large cap U.S. equities market, with our headquarters located in Chicago, Illinois.

Our primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third party managers. Through our Lillibridge Healthcare Services, Inc. (“Lillibridge”) subsidiary, we also provide 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 real estate loan and other investments relating to seniors housing and healthcare companies or properties.

As of June 30, 2011, we leased 393 of our properties to healthcare operating companies under “triple-net” or “absolute-net” leases, which require the tenants to pay all property-related expenses, and we engaged independent third parties, such as Sunrise Senior Living, Inc. (together with its subsidiaries, “Sunrise”) and Atria Senior Living, Inc. (“Atria”), to manage 199 of our seniors housing communities pursuant to long-term management agreements.

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, 2011 are not necessarily an indication of the results that may be expected for the year ending December 31, 2011. The accompanying Consolidated Financial Statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 18, 2011. Certain prior period amounts have been reclassified to conform to the current period presentation.

Revenue Recognition

Triple-Net Leased Properties and MOB Operations

Certain of our triple-net leased properties, including the majority of our leases with Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”), and the majority of our MOB leases provide for periodic and determinable increases in base rent. We recognize base rental revenues under these leases on a straight-line basis over the term of the applicable lease. Income on our straight-line revenue is recognized when collectibility is reasonably assured, and in the event we determine that collectibility of straight-line revenue is not reasonably assured, we establish an allowance for estimated losses. Recognizing rental income on a straight-line basis results in recognized revenue exceeding cash amounts contractually due from our tenants during the first half of the term for leases that have straight-line treatment. The cumulative excess is included in other assets, net of allowances, on our Consolidated Balance Sheets and totaled $90.0 million and $86.3 million at June 30, 2011 and December 31, 2010, respectively.

Our master lease agreements with Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”) (the “Kindred Master Leases”) and certain of our other leases provide for an annual increase in rental payments only if certain revenue parameters or other substantive contingencies are met. We recognize the increased rental revenue under these leases only if such parameters or contingencies are met, rather than on a straight-line basis over the term of the applicable lease.

Senior Living Operations

We recognize resident fees and services, other than move-in fees, monthly as services are provided. We recognize move-in fees on a straight-line basis over the average resident stay. Our lease agreements with residents generally have a term of twelve to eighteen months and are cancelable by the resident with 30 days' notice.

We recognize income from rent, lease termination fees, management advisory services and all other income when all of the following criteria are met in accordance with SEC Staff Accounting Bulletin 104: (i) the applicable agreement has been fully executed and delivered; (ii) services have been rendered; (iii) the amount is fixed or determinable; and (iv) collectibility is reasonably assured.

Long-Lived Assets and Intangibles

We record investments in real estate assets at cost. We account for acquisitions using the acquisition method and allocate the cost of the properties acquired among tangible and recognized intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Recognized intangibles primarily include the value of in-place leases, acquired lease contracts, tenant and customer relationships, trade names/trademarks and goodwill.

We estimate the fair value of buildings acquired on an as-if-vacant basis and depreciate the building value over the estimated remaining life of the building. We determine the allocated value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives. We determine the value of land by considering the sales prices of similar properties in recent transactions or based on (i) internal analyses of recently acquired and existing comparable properties within our portfolio or (ii) real estate tax assessed values in relation to the total value of the asset. The fair value of acquired lease intangibles, if any, reflects (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and the in-place lease rent, the resulting intangible asset or liability of which is amortized to revenue over the remaining life of the associated lease plus any bargain renewal periods and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including tenant allowances, tenant improvements and leasing commissions, and an estimated value of the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant, which is amortized to amortization expense over the remaining life of the associated lease. We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing business relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential for significant, additional future leasing arrangements with the tenant and amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names/trademarks using a royalty rate methodology and amortize that value over the estimated useful life of the trade name/trademark.

In connection with a business combination, we may assume the rights and obligations of certain lease agreements pursuant to which we become the lessee of a given property. We assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. For capital leases we have assumed that contain bargain purchase options, we recognize an asset based on the acquisition date fair value of the underlying asset and a liability based on the fair value of the capital lease obligation. Assets recognized under capital leases that contain bargain purchase options are depreciated over the asset's useful life. Assumed operating leases, including ground leases, are assessed to determine if the lease terms are favorable or unfavorable given current market conditions on the acquisition date. To the extent the lease arrangement is favorable or unfavorable relative to market conditions on the acquisition date, we recognize an asset or liability at fair value.

All lease related intangible assets are included within acquired lease intangibles and all lease related intangible liabilities are included within accounts payable and other liabilities on our Consolidated Balance Sheets. In addition, operating lease intangibles are valued utilizing discounted cash flow projections. The recognized asset or liability for these leases is amortized to rental expense over the term of the lease and is included in our Consolidated Statements of Income.

We calculate the fair value of long-term debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate we would expect to incur to replace each instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument. If applicable, we record a liability for contingent consideration at fair value as of the acquisition date (included in accounts payable and other liabilities on our Consolidated Balance Sheets) and reassess the fair value at the end of each reporting period, with any changes being recognized in earnings. Increases or decreases in the fair value of contingent consideration can result from changes in discount periods, discount rates and probabilities that contingencies will be met. We do not amortize goodwill, which is included in other assets on our Consolidated Balance Sheets and represents the excess of the purchase price paid over the fair value of the net assets of the acquired business.

Furniture, fixtures and equipment, with a net book value of $97.0 million and $34.5 million at June 30, 2011 and December 31, 2010, respectively, is included in net real estate property on our Consolidated Balance Sheets. We record depreciation on a straight-line basis, using estimated useful lives ranging from 20 to 50 years for buildings and improvements and three to ten years for furniture, fixtures and equipment. Depreciation is discontinued when a property is identified as held-for-sale.

Leases

We include assets under capital leases within net real estate assets, and we include capital lease obligations within senior notes payable and other debt on our Consolidated Balance Sheets. Lease payments under capital lease arrangements are segregated between interest expense and a reduction to the outstanding principal balance, using the effective interest method. We account for payments made pursuant to operating leases as lease expense within property-level operating expenses in our Consolidated Statements of Income based on actual rent paid, plus or minus a straight-line rent adjustment for minimum lease escalators.

Derivative Instruments

We recognize all derivative instruments in either other assets or accounts payable and accrued liabilities on our Consolidated Balance Sheets at fair value as of the reporting date. We recognize changes in the fair value of derivative instruments in other expenses on our Consolidated Statements of Income or accumulated other comprehensive income on our Consolidated Balance Sheets, depending on the intended use of the derivative and our designation of the instrument.

We do not use our derivative financial instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, for trading or speculative purposes. Our interest rate caps were designated as having a hedging relationship with their underlying securities and therefore qualified for hedge accounting under GAAP. Our interest rate caps are recorded on our Consolidated Balance Sheets at fair value, and we recognize changes in the fair value of these instruments in accumulated other comprehensive income on our Consolidated Balance Sheets. Our interest rate swaps and foreign currency forward contracts were not designated as having a hedging relationship with their underlying securities and therefore do not qualify for hedge accounting under GAAP. Our interest rate swaps and foreign currency forward contracts are recorded on our Consolidated Balance Sheets at fair value, and we recognize changes in the fair value of these instruments in current earnings in other expenses on our Consolidated Statements of Income.

Fair Values of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB guidance 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 the reporting entity has 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, as well as other observable inputs for the asset or liability, such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level three inputs are unobservable inputs for the asset or liability, which are typically based on the reporting entity’s own assumptions, as 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 based on the lowest level input that is significant to the fair value measurement in its entirety. 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 fair value of 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.

- *Loans receivable:* We estimate the fair value of loans receivable by discounting the future cash flows using current interest rates at which similar loans with the same maturities would be made to borrowers with similar credit ratings. The inputs used to measure the fair value of our loans receivable are level two and level three inputs. Additionally, we determine the valuation allowance for loan losses based on level three inputs. See "Note 5—Loans Receivable."

- *Marketable debt securities* : We estimate the fair value of marketable debt securities using quoted prices for similar assets or liabilities in active markets that we have the ability to access. The inputs used to measure the fair value of our marketable debt securities are level two inputs.

- *Derivative instruments* : With the assistance of a third party, we estimate the fair value of our derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, using level two inputs. We determine the fair value of interest rate caps using forward yield curves and other relevant information. We estimate the fair value of interest rate swaps using alternative financing rates derived from market-based financing rates, forward yield curves and discount rates. We determine the fair value of foreign currency forward contracts by estimating the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculating 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 borrowings by discounting the future cash flows using current interest rates at which we could make similar borrowings. The inputs used to measure the fair value of our senior notes payable and other debt are level two inputs.

- *Contingent consideration* : We estimate the fair value of contingent consideration using probability assessments of expected future cash flows over the period in which the obligation is expected to be settled, and by applying a discount rate that appropriately captures a market participant's view of the risk associated with the obligation. The inputs we use to determine fair value of contingent consideration are considered level three inputs.

Recently Issued or Adopted Accounting Standards

In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05, *Presentation of Comprehensive Income* ("ASU 2011-05"), which amends current guidance found in ASC Topic 220, *Comprehensive Income* ("ASC 220"). ASU 2011-05 requires entities to present comprehensive income in either: (i) one continuous financial statement or (ii) two separate but consecutive statements that display net income and the components of other comprehensive income. Totals and individual components of both net income and other comprehensive income must be included in either presentation. The provisions of ASU 2011-05 are effective for us beginning with the first quarter of 2012, but we do not expect ASU 2011-05 to have a significant impact on our Consolidated Financial Statements.

On January 1, 2011, we adopted ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29") , which impacts any public entity that enters into business combinations that are material on an individual or aggregate basis. ASU 2010-29 specifies that a public entity presenting comparative financial statements should disclose revenues and earnings of the combined entity as though the business combination(s) that occurred during the year had occurred at the beginning of the prior annual reporting period when preparing the pro forma financial information for both the current and prior reporting periods. This guidance, which is effective for business combinations consummated in periods beginning after December 15, 2010, also requires that pro forma disclosures be accompanied by a narrative description regarding the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination(s) included in reported pro forma revenues and earnings. We have presented supplementary pro forma information related to our acquisition of substantially all of the real estate assets and working capital of Atria Senior Living Group, Inc. (together with its affiliates, "Atria Senior Living") in May 2011 and our acquisition of Nationwide Health Properties, Inc. ("NHP") in July 2011 in "Note 4—Acquisitions of Real Estate Property."

On January 1, 2011, we adopted ASU 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (“ASU 2010-28”). ASU 2010-28 states that if a reporting unit has a carrying amount equal to or less than zero and there are qualitative factors that indicate it is more likely than not that a goodwill impairment exists, Step 2 of the goodwill impairment test must be performed. The adoption of ASU 2010-28 did not impact our Consolidated Financial Statements.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (“ASU 2010-06”), which expands required disclosures related to an entity’s fair value measurements. Certain provisions of ASU 2010-06 were effective for interim and annual reporting periods beginning after December 15, 2009, and we adopted those provisions as of January 1, 2010. The remaining provisions, which were effective for interim and annual reporting periods beginning after December 15, 2010, require additional disclosures related to purchases, sales, issuances and settlements in an entity’s reconciliation of recurring level three investments. We adopted the final provisions of ASU 2010-06 as of January 1, 2011. The adoption of ASU 2010-06 did not impact our Consolidated Financial Statements.

NOTE 3 — CONCENTRATION OF CREDIT RISK

As of June 30, 2011, Atria, Sunrise, Brookdale Senior Living and Kindred managed or operated approximately 31.5%, 24.4%, 12.6% and 8.4%, respectively, of our properties based on their gross book value. Also, as of June 30, 2011, seniors housing communities constituted approximately 76.4% of our portfolio based on gross book value, with skilled nursing facilities, hospitals, MOBs and other healthcare assets collectively comprising the remaining 23.6%. Our properties were located in 43 states, the District of Columbia and two Canadian provinces as of June 30, 2011, with properties in only one state (California) accounting for 10% or more of our total revenues for the six months then ended.

Triple-Net Leased Properties

Approximately 19.8% and 25.2% of our total revenues and 32.3% and 37.0% of our total net operating income (“NOI,” which is defined as total revenues, excluding interest and other income, less property-level operating expenses and medical office building services costs) (including amounts in discontinued operations) for the six months ended June 30, 2011 and 2010, respectively, were derived from our four Kindred Master Leases. Approximately 9.3% and 12.5% of our total revenues and 15.1% and 18.3% of our total NOI (including amounts in discontinued operations) for the six months ended June 30, 2011 and 2010, respectively, were derived from our lease agreements with Brookdale Senior Living. Each of the Kindred Master Leases and our leases with Brookdale Senior Living is a triple-net lease pursuant to which the tenant is required to pay all insurance, taxes, utilities and maintenance and repairs related to the properties and to comply with the terms of the mortgage financing documents, if any, affecting the properties.

Because Kindred and Brookdale Senior Living are large tenants and account for a significant portion of our total revenues and NOI, their financial condition and ability and willingness to satisfy their obligations under their respective leases and other agreements with us, and their willingness to renew those leases upon expiration of the terms thereof, have a considerable impact on our results of operations and ability to service our indebtedness and to make distributions to our stockholders. We cannot assure you that either Kindred or Brookdale Senior Living will have sufficient assets, income and access to financing to enable it to satisfy its obligations, and any inability or unwillingness on its part to do so would have a material adverse effect on our business, financial condition, results of operations and liquidity, on our ability to service our indebtedness and other obligations and on our ability to make distributions to our stockholders, as required for us to continue to qualify as a REIT (a “Material Adverse Effect”). We also cannot assure you that either Kindred or Brookdale Senior Living will elect to renew its leases with us upon expiration of the initial base terms or any renewal terms thereof or that, if some or all of those leases are not renewed, we will be able to reposition the affected properties on a timely basis or on the same or better terms, if at all.

Senior Living Operations

As of June 30, 2011, Sunrise and Atria, collectively, provided comprehensive property management and accounting services with respect to 196 of our seniors housing communities for which we pay an annual management fee pursuant to long-term management agreements. Each management agreement with Sunrise has a term of 30 years, and each management agreement with Atria has a term of ten years, subject to successive automatic ten-year renewal periods. Because Sunrise and Atria do not lease properties from us, we are not directly exposed to their credit risk. However, Sunrise's and Atria's inability to efficiently and effectively manage our properties and to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. Although we have various rights as owner under the Sunrise and Atria management agreements, we rely on Sunrise's and Atria's personnel, good faith, expertise, historical performance, technical resources and information systems, proprietary information and judgment to manage our seniors housing communities efficiently and effectively. We also rely on Sunrise and Atria to set resident fees and otherwise operate those properties in compliance with our management agreements. Sunrise's or Atria's inability or unwillingness to satisfy its obligations under our management agreements, changes in Sunrise's or Atria's senior management or any adverse developments in Sunrise's or Atria's business and affairs or financial condition could have a Material Adverse Effect on us.

Kindred, Brookdale Senior Living, Sunrise and Atria Information

Each of Kindred, Brookdale Senior Living and Sunrise is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Kindred, Brookdale Senior Living and Sunrise contained or referred to in this Quarterly Report on Form 10-Q is derived from filings made by Kindred, Brookdale Senior Living or Sunrise, as the case may be, with the SEC or other publicly available information, or has been provided to us by Kindred, Brookdale Senior Living or Sunrise. We have not verified this information either through an independent investigation or by reviewing Kindred's, Brookdale Senior Living's or Sunrise's public filings. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate. Kindred's, Brookdale Senior Living's and Sunrise's filings with the SEC can be found at the SEC's website at www.sec.gov. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred's, Brookdale Senior Living's and Sunrise's publicly available filings from the SEC.

Atria is not subject to the reporting requirements of the SEC. The information related to Atria contained or referred to within this Quarterly Report on Form 10-Q is derived from information provided to us by Atria. We have not verified this information through an independent investigation. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate.

NOTE 4 — ACQUISITIONS OF REAL ESTATE PROPERTY

We engage in acquisition activity primarily to invest in additional seniors housing and healthcare properties and achieve an expected yield on investment, to grow and diversify our portfolio and revenue base and to reduce our dependence on any single operator, geography or asset type.

Atria Senior Living Acquisition

On May 12, 2011, we acquired substantially all of the real estate assets and working capital of privately-owned Atria Senior Living for a total purchase price of $3.4 billion, which we funded in part through the issuance of 24.96 million shares of our common stock (which shares had a total value of $1.38 billion based on the May 12, 2011 closing price of our common stock of $55.33 per share). As a result of the transaction, we added to our senior living operating portfolio 117 private pay seniors housing communities and one development land parcel located primarily in affluent coastal markets such as the New York metropolitan area, New England and California. Prior to the closing, Atria Senior Living spun off its management operations to a newly formed entity, Atria, which continues to operate the acquired assets under long-term management agreements with us. For both the three and six months ended June 30, 2011, we recorded revenues and NOI from the acquired assets of $85.7 million and $26.2 million, respectively.

We are accounting for the acquisition under the acquisition method in accordance with ASC Topic 805, *Business Combinations* ("ASC 805"), and our initial accounting for this business combination is essentially complete. The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed, which we determined using level two and level three inputs (in thousands):

Land	$ 293,550
Buildings and improvements	2,941,478
Acquired lease intangibles	170,360
Other assets	188,440
Total assets acquired	3,593,828
Notes payable and other debt	1,621,641
Deferred tax liability	48,087
Other liabilities	200,962
Total liabilities assumed	1,870,690
Net assets acquired	1,723,138
Cash acquired	77,718
Equity issued	1,380,956
Total cash used	$ 264,464

As of June 30, 2011, we had incurred a total of $51.0 million of acquisition-related costs related to the Atria Senior Living transaction, all of which were expensed as incurred and included in merger-related expenses and deal costs on our Consolidated Statements of Income for the applicable periods. For the three and six months ended June 30, 2011, we expensed $43.5 million and $46.7 million, respectively, of acquisition-related costs related to the Atria Senior Living acquisition.

As partial consideration for the Atria Senior Living acquisition, the sellers received the right to earn additional amounts ("contingent consideration") based upon the achievement of certain performance metrics, including the future operating results of the acquired assets, and other factors. The contingent consideration, if any, will be payable to the sellers following the applicable measurement date for the period ending December 31, 2014 or December 31, 2015, at the election of the sellers. We cannot determine the actual amount of contingent consideration, if any, that may become due to the sellers because it is dependent on various factors, such as the future performance of the acquired assets and our equity multiple, which are subject to many risks and uncertainties beyond our control. We are also unable to estimate a range of potential amounts for the same reason. Therefore, we estimated the fair value of contingent consideration as of the acquisition date and as of June 30, 2011 using probability assessments of expected future cash flows over the period in which the obligation is expected to be settled, and by applying a discount rate that appropriately captures a market participant's view of the risk associated with the obligation. This contingent consideration liability is carried on our Consolidated Balance Sheets as of June 30, 2011 at its fair value, and we will record any changes in fair value in earnings on our Consolidated Statements of Income. As of the acquisition date and June 30, 2011, the estimated fair value of contingent consideration was $44.2 million, which is included in accounts payable and other liabilities on our Consolidated Balance Sheets, and our Consolidated Statements of Income for the three and six months ended June 30, 2011 reflect no change in the fair value of contingent consideration.

NHP Acquisition

On July 1, 2011, we acquired NHP in a stock-for-stock transaction. Pursuant to the terms and subject to the conditions set forth in the agreement and plan of merger dated as of February 27, 2011, at the effective time of the merger, each outstanding share of NHP common stock (other than shares owned by us or any of our subsidiaries or any wholly owned subsidiary of NHP) was converted into the right to receive 0.7866 shares of our common stock, with cash paid in lieu of fractional shares. As a result of the transaction, we added 654 seniors housing and healthcare properties to our portfolio. Since the transaction was consummated after June 30, 2011, we recognized no revenues or NOI from NHP's operations for the three and six months ended June 30, 2011.

We are accounting for the NHP acquisition under the acquisition method in accordance with ASC 805. The preliminary purchase price is being allocated among tangible and intangible real estate assets ($8.4 billion), other liabilities, net ($0.8 billion), debt ($2.2 billion) and equity issued ($5.4 billion). Because the NHP transaction was consummated after June 30, 2011, our initial accounting for the NHP business combination is a preliminary assessment only. Our assessment of fair value and the allocation of the NHP purchase price to the identified tangible and intangible assets is our current best estimate of fair value.

As of June 30, 2011, we had incurred a total of $12.3 million of acquisition-related costs related to the NHP transaction, all of which we expensed as incurred and included in merger-related expenses and deal costs on our Consolidated Statements of Income for the applicable periods. For the three and six months ended June 30, 2011, we expensed $10.4 million and $12.3 million, respectively, of acquisition-related costs related to the NHP acquisition.

Lillibridge Acquisition

On July 1, 2010, we completed the acquisition of businesses owned and operated by Lillibridge and its related entities and their real estate interests in 96 MOBs and ambulatory facilities for approximately $381 million, including the assumption of $79.5 million of mortgage debt.

As a result of the transaction, we acquired: a 100% interest in Lillibridge's property management, leasing, marketing, facility development, and advisory services business; a 100% interest in 38 MOBs; a 20% joint venture interest in 24 MOBs; and a 5% joint venture interest in 34 MOBs. We are the managing member of these joint ventures and the property manager for the joint venture properties. Two institutional third parties hold the controlling interests in these joint ventures, and we have a right of first offer on those interests. We funded the acquisition with cash on hand, borrowings under our unsecured revolving credit facilities and the assumption of mortgage debt. In connection with the acquisition, $132.7 million of mortgage debt was repaid.

Other 2010 Acquisitions

In December 2010, we acquired Sunrise's noncontrolling interests in 58 of our seniors housing communities currently managed by Sunrise for a total valuation of approximately $186 million, including assumption of Sunrise's share of mortgage debt totaling $144 million. The noncontrolling interests acquired represented between 15% and 25% ownership interests in the communities, and we now own 100% of all 79 of our Sunrise-managed seniors housing communities. We recorded the difference between the consideration paid and the noncontrolling interest balance as a component of equity in capital in excess of par value on our Consolidated Balance Sheets.

Also in December 2010, we purchased five MOBs under our Lillibridge platform for a purchase price of $36.6 million.

Unaudited Pro Forma

The following table illustrates the effect on net income and earnings per share as if we had consummated the Atria Senior Living and NHP acquisitions as of January 1, 2010:

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
	(In thousands, except per share amounts)			
Revenues	$ 553,797	$ 503,600	$ 1,099,099	$ 1,004,767
Income from continuing operations attributable to common stockholders	90,650	73,466	158,181	137,704
Discontinued operations	—	5,852	—	6,597
Net income attributable to common stockholders	90,650	79,318	158,181	144,301
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders	$ 0.32	$ 0.26	$ 0.55	$ 0.49
Discontinued operations	—	0.02	—	0.02
Net income attributable to common stockholders	$ 0.32	$ 0.28	$ 0.55	$ 0.51
Diluted:				
Income from continuing operations attributable to common stockholders	$ 0.31	$ 0.26	$ 0.55	$ 0.49
Discontinued operations	—	0.02	—	0.02
Net income attributable to common stockholders	$ 0.31	$ 0.28	$ 0.55	$ 0.51
Weighted average shares used in computing earnings per common share:				
Basic	287,357	281,419	286,282	281,341
Diluted	289,040	282,249	287,926	282,014

Acquisition-related costs related to the Atria Senior Living and NHP acquisitions are not expected to have a continuing impact and therefore have been excluded from these pro forma results. The pro forma results also do not include the impact of any synergies that may be achieved in the transactions, any lower costs of borrowing resulting from the transactions or any strategies that management may consider in order to continue to efficiently manage our operations, nor do they give pro forma effect to any other acquisitions, dispositions or capital markets transactions that we completed during the periods presented. These pro forma results are not necessarily indicative of the operating results that would have been obtained had the Atria Senior Living and NHP acquisitions occurred at the beginning of the periods presented, nor are they necessarily indicative of future operating results.

NOTE 5 — LOANS RECEIVABLE

As of June 30, 2011 and December 31, 2010, we had $634.5 million and $149.3 million, respectively, of net loans receivable relating to seniors housing and healthcare companies or properties.

In June 2011, we made a first mortgage loan in the aggregate principal amount of $12.9 million, bearing interest at a fixed rate of 9.0% per annum and maturing in 2016.

In May 2011, we made a senior unsecured term loan to NHP in the aggregate principal amount of $600.0 million, bearing interest at a fixed rate of 5.0% per annum and maturing in 2021.

In April 2011, we received proceeds of $112.4 million in final repayment of a first mortgage loan and recognized a gain of $3.3 million in income from loans and investments on our Consolidated Statements of Income in connection with this repayment in the second quarter of 2011.

In March 2011, we received proceeds of $19.9 million in final repayment of a first mortgage loan and recognized a gain of $0.8 million in income from loans and investments on our Consolidated Statements of Income in connection with this repayment in the first quarter of 2011.

NOTE 6 — INVESTMENTS IN UNCONSOLIDATED ENTITIES

We report investments in unconsolidated entities, which we acquired in connection with the 2010 Lillibridge acquisition, over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. We serve as the managing member of each unconsolidated entity and provide various services in exchange for fees and reimbursements. Our joint venture partners have significant participating rights, and, therefore, we are not required to consolidate these entities. Additionally, these entities are not considered variable interest entities as they are viable entities controlled by equity holders with sufficient capital. At June 30, 2011, we owned interests in 58 properties that were accounted for under the equity method. Our net investment in these properties as of June 30, 2011 and December 31, 2010 was $14.8 million and $15.3 million, respectively. For the three months ended June 30, 2011 and 2010, we recorded a loss from unconsolidated entities of $0.1 million and $0, respectively. For the six months ended June 30, 2011 and 2010, we recorded a loss from unconsolidated entities of $0.3 million and $0, respectively.

NOTE 7 — INTANGIBLES

The following is a summary of our intangibles as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(Dollars in thousands)	
Intangible assets:		
Above market lease intangibles	$ 13,620	$ 13,232
In-place and other lease intangibles	304,230	125,452
Other intangibles	17,452	21,779
Accumulated amortization	(119,154)	(100,808)
Goodwill	74,099	19,901
Net intangible assets	$ 290,247	$ 79,556
Remaining weighted average amortization period of lease-related intangible assets in years	9.1	18.5
Intangible liabilities:		
Below market lease intangibles	$ 51,333	$ 22,398
Accumulated amortization	(14,393)	(12,495)
Net intangible liabilities	$ 36,940	$ 9,903
Remaining weighted average amortization period of lease-related intangible liabilities in years	6.0	6.9

Above market lease intangibles and in-place and other lease intangibles are included in acquired lease intangibles within real estate investments on our Consolidated Balance Sheets. Other intangibles (including non-compete agreements and trade names/trademarks) and goodwill are included in other assets on our Consolidated Balance Sheets. Below market lease intangibles are included in accounts payable and other liabilities on our Consolidated Balance Sheets. The net amortization expense related to these intangibles was $14.8 million and $0.8 million for the three months ended June 30, 2011 and 2010, respectively. The net amortization expense related to these intangibles was $17.8 million and $1.6 million for the six months ended June 30, 2011 and 2010, respectively. The estimated net amortization expense related to these intangibles for each of the next five years is as follows: 2012 —$63.1 million; 2013 —$7.6 million; 2014 —$7.1 million; 2015 —$6.0 million; and 2016 —$4.6 million.

NOTE 8 — SENIOR NOTES PAYABLE AND OTHER DEBT

The following is a summary of our senior notes payable and other debt as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(In thousands)	
Unsecured revolving credit facilities	$ 139,500	$ 40,000
3 7/8 % Convertible Senior Notes due 2011	230,000	230,000
9% Senior Notes due 2012	82,433	82,433
Unsecured term loan due 2013	200,000	200,000
3.125% Senior Notes due 2015	400,000	400,000
6 1/2 % Senior Notes due 2016	400,000	400,000
6 3/4 % Senior Notes due 2017	225,000	225,000
4.750% Senior Notes due 2021	700,000	—
Mortgage loans and other	2,244,441	1,349,521
Total	4,621,374	2,926,954
Capital lease obligations	355,807	—
Unamortized fair value adjustment	74,150	11,790
Unamortized commission fees and discounts	(44,251)	(38,700)
Senior notes payable and other debt	$ 5,007,080	$ 2,900,044

As of June 30, 2011, our joint venture partners' share of total debt was $10.5 million with respect to four of our properties owned through consolidated joint ventures. As of December 31, 2010, our joint venture partners' share of total debt was $4.8 million with respect to three of our properties owned through consolidated joint ventures. Total debt does not include our portion of debt related to our investments in unconsolidated entities, which was $45.5 million and $45.9 million at June 30, 2011 and December 31, 2010, respectively.

As of June 30, 2011, our indebtedness (excluding capital lease obligations) had the following maturities:

	Principal Amount Due at Maturity	Unsecured Revolving Credit Facilities (1)	Scheduled Periodic Amortization	Total Maturities
	(In thousands)			
2011	$ 230,700	$ —	$ 20,137	$ 250,837
2012	185,684	139,500	41,821	367,005
2013	558,075	—	35,701	593,776
2014	186,740	—	32,208	218,948
2015	575,377	—	25,509	600,886
Thereafter	2,436,484	—	153,438	2,589,922
Total maturities	$ 4,173,060	$ 139,500	$ 308,814	$ 4,621,374

(1) At June 30, 2011, we had $26.7 million of unrestricted cash and cash equivalents, for $112.8 million of net borrowings outstanding under our unsecured revolving credit facilities.

Unsecured Revolving Credit Facilities and Term Loan

As of June 30, 2011, we had $1.0 billion of aggregate borrowing capacity under our unsecured revolving credit facilities, all of which matures on April 26, 2012. Borrowings under our unsecured revolving credit facilities bear interest at a fluctuating rate per annum (based on U.S. or Canadian LIBOR, the Canadian Bankers' Acceptance rate, or the U.S. or Canadian Prime rate), plus an applicable percentage based on our consolidated leverage. At June 30, 2011, the applicable percentage was 2.30%. Our unsecured revolving credit facilities also have a 20 basis point facility fee. At June 30, 2011, we had $139.5 million of borrowings outstanding, $9.3 million of outstanding letters of credit and $851.2 million of available borrowing capacity under our unsecured revolving credit facilities.

In connection with the NHP acquisition, we acquired additional liquidity from an $800.0 million senior unsecured term loan previously extended to NHP. At our option, borrowings under the term loan, which are available from time to time on a non-revolving basis, bear interest at the applicable LIBOR plus 1.50% (1.69% at June 30, 2011) or the "Alternate Base Rate" plus 0.50% (3.75% at June 30, 2011). We pay a facility fee of 0.10% per annum on the unused commitments under the term loan agreement. Borrowings under the term loan mature on June 1, 2012. As of the date of this filing, there was approximately $250.0 million of borrowings outstanding under the term loan, and we were in compliance with all covenants under the term loan.

Mortgages

We assumed mortgage debt of $1.2 billion and $0.4 billion, respectively, in connection with the Atria Senior Living and NHP acquisitions.

In February 2011, we repaid in full mortgage loans outstanding in the aggregate principal amount of $307.2 million and recognized a loss on extinguishment of debt of $16.5 million in connection with this repayment in the first quarter of 2011.

Senior Notes

In May 2011, we issued and sold $700.0 million aggregate principal amount of 4.750% senior notes due 2021, at a public offering price equal to 99.132% of par for total proceeds of $693.9 million, before the underwriting discount and expenses.

In July 2011, we redeemed $200.0 million principal amount of our outstanding 6 $^1/_2$% senior notes due 2016, at a redemption price equal to 103.25% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. As a result, we paid a total of approximately $206.5 million, plus accrued and unpaid interest, on the redemption date and expect to recognize a loss on extinguishment of debt of $8.7 million during the third quarter of 2011.

As a result of the NHP acquisition, we assumed approximately $991.7 million aggregate principal amount of outstanding unsecured senior notes of NHP. On July 15, 2011, we repaid in full, at par, $339.0 million principal amount then outstanding of NHP's 6.50% senior notes due 2011 upon maturity. The remaining NHP senior notes outstanding bear interest at fixed rates ranging from 6.00% to 8.25% per annum and have maturity dates ranging between July 1, 2012 and July 7, 2038, subject in certain cases to earlier repayments at the option of the holder.

Capital Leases

As of June 30, 2011, we leased from NHP twelve seniors housing communities pursuant to arrangements that we assumed in connection with the Atria Senior Living acquisition and that were accounted for as capital leases. We have excluded these leases with NHP (which was a $209.9 million capital lease obligation as of June 30, 2011) for purposes of the presentation below, as they are being eliminated in consolidation within our Consolidated Balance Sheet as of July 1, 2011.

As of June 30, 2011, we leased from another party eight seniors housing communities pursuant to arrangements that we also assumed in connection with the Atria Senior Living acquisition and that were accounted for as capital leases. Rent under the capital leases is subject to increase based upon changes in the Consumer Price Index or gross revenues attributable to the property, subject to certain limits, as defined in the individual lease agreements. Pursuant to the capital lease agreements, we have bargain options to purchase each leased property and an option to exercise renewal terms.

Future minimum lease payments required under the capital lease agreements, including amounts that would be due under purchase options, as of June 30, 2011 are as follows (in thousands):

2011	$	4,686
2012		9,447
2013		9,573
2014		9,700
2015		9,826
Thereafter		172,553
Total minimum lease payments		215,785
Less: Amount related to interest		(72,554)
	$	143,231

Net assets held under capital leases are included in net real estate investments on our Consolidated Balance Sheets and totaled $228.9 million and $0 as of June 30, 2011 and December 31, 2010, respectively.

NOTE 9 — FAIR VALUES OF FINANCIAL INSTRUMENTS

As of June 30, 2011 and December 31, 2010, the carrying amounts and fair values of our financial instruments were as follows:

	June 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Assets:				
Cash and cash equivalents	$ 26,702	$ 26,702	$ 21,812	$ 21,812
Loans receivable, net	634,472	635,077	149,263	155,377
Marketable debt securities	43,813	43,813	66,675	66,675
Liabilities:				
Senior notes payable and other debt, gross	4,621,374	4,593,327	2,926,954	3,055,435
Derivative instruments	21,655	21,655	3,722	3,722
Contingent consideration liability	44,200	44,200	—	—

Fair value estimates are subjective in nature and depend upon several important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented above are not necessarily indicative of the amounts we would realize in a current market exchange.

At June 30, 2011, we held corporate marketable debt securities, classified as available-for-sale, with an aggregate amortized cost basis and fair value of $40.7 million and $43.8 million, respectively, and included these securities within other assets on our Consolidated Balance Sheets. At December 31, 2010, our marketable debt securities had an aggregate amortized cost basis and fair value of $61.9 million and $66.7 million, respectively. The contractual maturities of our marketable debt securities range from October 1, 2012 to April 15, 2016. In January and March 2011, we sold certain marketable debt securities and received proceeds of approximately $10.6 million and $12.5 million, respectively. We recognized aggregate gains from these sales of approximately $1.8 million in income from loans and investments on our Consolidated Statements of Income during the first quarter of 2011.

NOTE 10 — LITIGATION

Litigation Relating to the Sunrise REIT Acquisition

On May 3, 2007, we filed a lawsuit against HCP, Inc. (“HCP”) in the United States District Court for the Western District of Kentucky (the “District Court”), entitled *Ventas, Inc. v. HCP, Inc.* , Case No. 07-cv-238-JGH. We asserted claims of tortious interference with contract and tortious interference with prospective business advantage. Our complaint alleged that HCP interfered with our purchase agreement to acquire the assets and liabilities of Sunrise Senior Living Real Estate Investment Trust (“Sunrise REIT”) and with the process for unitholder consideration of the purchase agreement. The complaint alleged, among other things, that HCP made certain improper and misleading public statements and/or offers to acquire Sunrise REIT and that HCP’s actions caused us to suffer substantial damages, including, among other things, the payment of materially greater consideration to acquire Sunrise REIT resulting from the substantial increase in the purchase price above the original contract price necessary to obtain unitholder approval and increased costs associated with the delay in closing the acquisition, including increased costs to finance the transaction as a result of the delay.

HCP brought counterclaims against us alleging misrepresentation and negligent misrepresentation by Sunrise REIT related to its sale process, claiming that we were responsible for those actions as successor. HCP sought compensatory and punitive damages. On March 25, 2009, the District Court granted us judgment on the pleadings against all counterclaims brought by HCP and dismissed HCP’s counterclaims with prejudice. Thereafter, the District Court confirmed the dismissal of HCP’s counterclaims.

On July 16, 2009, the District Court denied HCP’s summary judgment motion as to our claim for tortious interference with business advantage, permitting us to present that claim against HCP at trial. The District Court granted HCP’s motion for summary judgment as to our claim for tortious interference with contract and dismissed that claim. The District Court also ruled that we could not seek to recover a portion of our alleged damages.

On September 4, 2009, the jury unanimously held that HCP tortiously interfered with our business expectation to acquire Sunrise REIT at the agreed price by employing significantly wrongful means such as fraudulent misrepresentation, deceit and coercion. The jury awarded us $101.6 million in compensatory damages, which is the full amount of damages the District Court permitted us to seek at trial. The District Court entered judgment on the jury’s verdict on September 8, 2009.

On November 16, 2009, the District Court affirmed the jury’s verdict and denied all of HCP’s post-trial motions, including a motion requesting that the District Court overturn the jury’s verdict and enter judgment for HCP or, in the alternative, award HCP a new trial. The District Court also denied our motion for pre-judgment interest and/or to modify the jury award to increase it to reflect the currency rates in effect on September 8, 2009, the date of entry of the judgment.

On November 17, 2009, HCP appealed the District Court’s judgment to the United States Court of Appeals for the Sixth Circuit (the “Sixth Circuit”). HCP argued that the judgment against it should be vacated and the case remanded for a new trial and/or that judgment should be entered in its favor as a matter of law.

On November 24, 2009, we filed a cross-appeal to the Sixth Circuit. In addition to maintaining the full benefit of our favorable jury verdict, in our cross-appeal, we asserted that we are entitled to substantial monetary relief in addition to the jury verdict, including punitive damages, additional compensatory damages and pre-judgment interest.

On December 11, 2009, HCP posted a $102.8 million letter of credit in our favor to serve as security to stay execution of the jury verdict pending the appellate proceedings.

On May 17, 2011, the Sixth Circuit unanimously affirmed the $101.6 million jury verdict in our favor and ruled that we are entitled to seek punitive damages against HCP for its conduct. The Sixth Circuit also denied our appeal seeking additional compensatory damages and pre-judgment interest. On June 27, 2011, the Sixth Circuit denied HCP’s motion to request a rehearing with respect to its decision.

On July 5, 2011, the Sixth Circuit issued a mandate terminating the appellate proceedings and transferring jurisdiction back to the District Court for the enforcement of the $101.6 million compensatory damages award and the trial for punitive damages. On July 26, 2011, the District Court issued an order scheduling a jury trial on the matter of punitive damages for February 21, 2012.

We are vigorously pursuing proceedings in the District Court on the matter of punitive damages and to collect the $101.6 million compensatory damages judgment against HCP.

Litigation Relating to the NHP Acquisition

In the weeks following the announcement of our acquisition of NHP on February 28, 2011, purported stockholders of NHP filed seven lawsuits against NHP and its directors. Six of these lawsuits also named Ventas, Inc. as a defendant and five named our subsidiary, Needles Acquisition LLC, as a defendant. The purported stockholder plaintiffs commenced these actions in two jurisdictions: the Superior Court of the State of California, Orange County (the “California State Court”); and the Circuit Court for Baltimore City, Maryland (the “Maryland State Court”). All of these actions were brought as putative class actions, and two also purport to assert derivative claims on behalf of NHP. All of these stockholder complaints allege that NHP’s directors breached certain alleged duties to NHP’s stockholders by approving the merger agreement with us, and certain complaints allege that NHP aided and abetted those breaches. Those complaints that name Ventas, Inc. and Needles Acquisition LLC allege that we aided and abetted the purported breaches of certain alleged duties by NHP’s directors. All of the complaints request an injunction of the merger. Certain of the complaints also seek damages.

In the California State Court, the following actions were filed purportedly on behalf of NHP stockholders: on February 28, 2011, a putative class action entitled *Palma v. Nationwide Health Properties, Inc., et al* .; on March 3, 2011, a putative class action entitled *Barker v. Nationwide Health Properties, Inc., et al.* ; and on March 3, 2011, a putative class action entitled *Davis v. Nationwide Health Properties, Inc., et al.* , which was subsequently amended on March 11, 2011 under the caption *Davids v. Nationwide Health Properties, Inc., et al* . Each action names NHP and members of the NHP board of directors as defendants. The *Barker* and *Davids* actions also name Ventas, Inc. as a defendant, and the *Davids* action names Needles Acquisition LLC as a defendant. Each complaint alleges, among other things, that NHP’s directors breached certain alleged duties by approving the merger agreement between us and NHP because the proposed transaction purportedly fails to maximize stockholder value and provides the directors personal benefits not shared by NHP stockholders, and the *Barker* and *Davids* actions allege that we aided and abetted those purported breaches. Along with other relief, the complaints seek an injunction against the closing of the proposed merger. On April 4, 2011, the defendants demurred and moved to stay the *Palma, Barker* , and *Davids* actions in favor of the parallel litigation in the Maryland State Court described below. On April 27, 2011, all three actions were consolidated pursuant to a Stipulation and Proposed Order on Consolidation of Related Actions signed by the parties on March 22, 2011. On May 12, 2011, the California State Court granted the defendants’ motion to stay.

In the Maryland State Court, the following actions were filed purportedly on behalf of NHP stockholders: on March 7, 2011, a putative class action entitled *Crowley v. Nationwide Health Properties, Inc., et al.* ; on March 10, 2011, a putative class action entitled *Taylor v. Nationwide Health Properties, Inc., et. al* .; on March 17, 2011, a putative class action entitled *Haughey Family Trust* v. *Pasquale, et al.* ; and on March 31, 2011, a putative class action entitled *Rappoport* v. *Pasquale, et al.* All four actions name NHP, its directors, Ventas, Inc. and Needles Acquisition LLC as defendants. All four actions allege, among other things, that NHP’s directors breached certain alleged duties by approving the merger agreement between us and NHP because the proposed transaction purportedly fails to maximize stockholder value and provides certain directors personal benefits not shared by NHP stockholders and that we aided and abetted those purported breaches. In addition to asserting direct claims on behalf of a putative class of NHP shareholders, the *Haughey* and *Rappoport* actions purport to bring derivative claims on behalf of NHP, asserting breaches of certain alleged duties by NHP’s directors in connection with their approval of the proposed transaction. All four actions seek to enjoin the proposed merger, and the *Taylor* action seeks damages.

On March 30, 2011, pursuant to stipulation of the parties, the Maryland State Court entered an order consolidating the *Crowley* , *Taylor* and *Haughey* actions. The *Rappoport* action was consolidated with the other actions on April 15, 2011.

On April 1, 2011, pursuant to stipulation of the parties, the Maryland State Court entered an order: (i) certifying a class of NHP shareholders; and (ii) providing for the plaintiffs to file a consolidated amended complaint. The plaintiffs filed a consolidated amended complaint on April 19, 2011, which the defendants moved to dismiss on April 29, 2011. Plaintiffs opposed that motion on May 9, 2011. Plaintiffs moved for expedited discovery on April 19, 2011, and the defendants simultaneously opposed that motion and moved for a protective order staying discovery on April 26, 2011. The Maryland State Court denied plaintiffs’ motion for expedited discovery and granted defendants’ motion for a protective order on May 3, 2011. On May 6, 2011, plaintiffs moved for reconsideration of the Maryland State Court’s grant of the protective order. The Maryland State Court denied the plaintiffs’ motion for reconsideration on May 11, 2011. On May 27, 2011, the Maryland State Court entered an order dismissing the consolidated action with prejudice. Plaintiffs moved for reconsideration of that order on June 6, 2011.

On June 9, 2011, we and NHP agreed on a settlement in principle with the plaintiffs in the consolidated action pending in Maryland State Court, which required us and NHP to make certain supplemental disclosures to stockholders concerning the merger. We and NHP made the supplemental disclosures on June 10, 2011. The settlement is subject to appropriate documentation by the parties and approval by the Maryland State Court.

We believe that each of these actions is without merit.

Proceedings against Tenants, Operators and Managers

From time to time, Kindred, Brookdale Senior Living, Sunrise, Atria and our other tenants, operators and managers are parties to certain legal actions, regulatory investigations and claims arising in the conduct of their business and operations. Even though we are not party to these proceedings, the unfavorable resolution of any such actions, investigations or claims could, individually or in the aggregate, materially adversely affect such tenants', operators' or managers' liquidity, financial condition or results of operations and their ability to satisfy their respective obligations to us, which, in turn, could have a Material Adverse Effect on us.

Proceedings Indemnified and Defended by Third Parties

From time to time, we are party to certain legal actions, regulatory investigations and claims against which third parties are contractually obligated to indemnify and defend us and hold us harmless. The tenants of our triple-net leased properties and, in some cases, affiliates of the tenants are required by the terms of their leases and other agreements with us to indemnify, defend and hold us harmless against certain actions, investigations and claims arising in the course of their business and related to the operations of our triple-net leased properties. In addition, third parties from whom we acquired certain of our assets are required by the terms of the related conveyance documents to indemnify, defend and hold us harmless against certain actions, investigations and claims related to the conveyed assets and arising prior to our ownership. In some cases, we hold a portion of the purchase price consideration in escrow as collateral for the indemnification obligations of third parties related to acquired assets. Certain tenants and other obligated third parties are currently defending us in these types of matters. We cannot assure you that our tenants or their affiliates or other obligated third parties will continue to defend us in these matters, that our tenants or their affiliates or other obligated third parties will have sufficient assets, income and access to financing to enable them to satisfy their defense and indemnification obligations to us or that any purchase price consideration held in escrow will be sufficient to satisfy claims for which we are entitled to indemnification. The unfavorable resolution of any such actions, investigations or claims could, individually or in the aggregate, materially adversely affect our tenants' or other obligated third parties' liquidity, financial condition or results of operations and their ability to satisfy their respective obligations to us, which, in turn, could have a Material Adverse Effect on us.

Proceedings Arising in Connection with Senior Living and MOB Operations; Other Litigation

From time to time, we are also party to various legal actions, regulatory investigations and claims (some of which may not be insured) arising in connection with our senior living and MOB operations or otherwise in the course of our business. In limited circumstances, the manager of the applicable seniors housing community or MOB may be contractually obligated to indemnify, defend and hold us harmless against such actions, investigations and claims. It is the opinion of management that, except as otherwise set forth in this Note 10, the disposition of any such actions, investigations and claims that are currently pending will not, individually or in the aggregate, have a Material Adverse Effect on us. However, regardless of their merits, these matters may force us to expend significant financial resources. We are unable to predict the ultimate outcome of these actions, investigations and claims, and if management's assessment of our liability with respect thereto is incorrect, such actions, investigations and claims could have a Material Adverse Effect on us.

NOTE 11 — INCOME TAXES

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the year ended December 31, 1999. We have also elected for certain of our subsidiaries to be treated as taxable REIT subsidiaries ("TRS" or "TRS entities"), which are subject to federal and state income taxes. Although the TRS entities were not liable for any cash federal income taxes for the six months ended June 30, 2011, their federal income tax liabilities may increase in future periods as we exhaust net operating loss carryforwards and as our senior living operations and MOB operations reportable segments grow. Such increases could be significant.

Our consolidated provision for income taxes for the three months ended June 30, 2011 and 2010 was a benefit of $6.2 million and an expense of $0.4 million, respectively. These amounts were adjusted by income tax expense of $0 million and $0.6 million, respectively, related to the noncontrolling interest share of net income. Our consolidated provision for income taxes for the six months ended June 30, 2011 and 2010 was a benefit of $9.4 million and an expense of $0.7 million, respectively. These amounts were adjusted by income tax expense of $0 million and $1.0 million, respectively, related to the noncontrolling interest share of net income. A substantial portion of the $9.4 million benefit relates to the reversal of the deferred tax liability established for the Atria Senior Living acquisition. Realization of a deferred tax benefit related to net operating losses is dependent in part upon generating sufficient taxable income in future periods. Our net operating loss carryforwards begin to expire in 2024 with respect to our TRS entities and in 2020 with respect to our other entities.

Each TRS is a tax paying component for purposes of classifying deferred tax assets and liabilities. Net deferred tax liabilities with respect to our TRS entities totaled $279.7 million and $241.3 million at June 30, 2011 and December 31, 2010, respectively, and related primarily to differences between the financial reporting and tax bases of fixed and intangible assets and to net operating losses. This amount includes the initial net deferred tax liability related to the Atria Senior Living acquisition of $48.1 million as adjusted for activity for the period from May 12, 2011 through June 30, 2011.

Generally, we are subject to audit under the statute of limitations by the Internal Revenue Service for the year ended December 31, 2007 and subsequent years and are subject to audit by state taxing authorities for the year ended December 31, 2006 and subsequent years. We are also subject to audit by the Canada Revenue Agency and provincial authorities generally for periods subsequent to 2004 related to entities acquired or formed in connection with our Sunrise REIT acquisition.

NOTE 12 — STOCKHOLDERS' EQUITY

On July 1, 2011, following approval by our stockholders, we amended our Amended and Restated Certificate of Incorporation, as previously amended, to increase the number of authorized shares of our capital stock to 610,000,000, comprised of 600,000,000 shares of common stock, par value $0.25 per share, and 10,000,000 shares of preferred stock, par value $1.00 per share.

On July 1, 2011, in connection with the NHP acquisition, we issued 99,849,106 shares of our common stock to NHP stockholders and holders of NHP equity awards, and reserved 2,253,366 additional shares of our common stock for issuance in connection with equity awards and other convertible or exchangeable securities that we assumed in connection with the transaction.

In connection with the NHP acquisition, on June 20, 2011, our Board of Directors declared a prorated third quarter dividend on our common stock, payable in cash to stockholders of record at the close of business on June 30, 2011. At June 30, 2011, we recorded an accrued dividend of $23.8 million ($0.1264 per share) for this prorated dividend, which is included in accounts payable and other liabilities on our Consolidated Balance Sheets. The prorated dividend was paid on July 12, 2011.

On May 12, 2011, as partial consideration for the Atria Senior Living assets, we issued to the sellers in a private placement 24,958,543 shares of our common stock (which shares had a total value of $1.38 billion based on the May 12, 2011 closing price of our common stock of $55.33 per share). On May 19, 2011, we filed a shelf registration statement relating to the resale of those shares by the selling stockholders.

In February 2011, we completed the sale of 5,563,000 shares of our common stock in an underwritten public offering pursuant to our existing shelf registration statement. We received $300.0 million in aggregate proceeds from the sale, which we used to repay existing mortgage debt and for working capital and other general corporate purposes.

Accumulated Other Comprehensive Income

The following is a summary of our accumulated other comprehensive income as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(In thousands)	
Foreign currency translation	$ 26,069	$ 23,010
Unrealized gain on marketable debt securities	3,115	4,794
Other	(972)	(936)
Total accumulated other comprehensive income	$ 28,212	$ 26,868

NOTE 13 — EARNINGS PER COMMON SHARE

The following table shows the amounts used in computing basic and diluted earnings per common share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands, except per share amounts)			
Numerator for basic and diluted earnings per share:				
Income from continuing operations attributable to common stockholders	$ 19,676	$ 52,215	$ 68,660	$ 104,089
Discontinued operations	—	5,852	—	6,597
Net income attributable to common stockholders	$ 19,676	$ 58,067	$ 68,660	$ 110,686
Denominator:				
Denominator for basic earnings per share — weighted average shares	176,262	156,611	168,369	156,533
Effect of dilutive securities:				
Stock options	487	357	483	337
Restricted stock awards	66	48	67	45
Convertible notes	1,130	425	1,094	291
Denominator for diluted earnings per share — adjusted weighted average shares	177,945	157,441	170,013	157,206
Basic earnings per share:				
Income from continuing operations attributable to common stockholders	$ 0.11	$ 0.33	$ 0.41	$ 0.67
Discontinued operations	—	0.04	—	0.04
Net income attributable to common stockholders	$ 0.11	$ 0.37	$ 0.41	$ 0.71
Diluted earnings per share:				
Income from continuing operations attributable to common stockholders	$ 0.11	$ 0.33	$ 0.40	$ 0.66
Discontinued operations	—	0.04	—	0.04
Net income attributable to common stockholders	$ 0.11	$ 0.37	$ 0.40	$ 0.70

NOTE 14 — RELATED PARTY TRANSACTIONS

Upon consummation of the Atria Senior Living acquisition, we entered into long-term management agreements with Atria to operate the acquired assets. Atria is owned by private equity funds managed by Lazard Real Estate Partners LLC ("LREP"). Effective May 13, 2011, LREP Chief Executive Officer and Managing Principal and Atria Chairman Matthew J. Lustig was appointed to our Board of Directors. For the three and six months ended June 30, 2011, we paid Atria $4.3 million in management fees related to the Atria Senior Living properties. See "Note 4—Acquisitions of Real Estate Property."

From time to time, we may engage Cushman & Wakefield, a global commercial real estate firm, to act as a leasing agent with respect to certain of our MOBs. Cushman & Wakefield President and Chief Executive Officer Glenn J. Rufrano has served as a member of our Board of Directors since June 2010. We believe the brokers' fees we pay to Cushman & Wakefield in connection with the provision of these services are customary and represent market rates. Total fees we paid to Cushman & Wakefield in 2010 and the first six months of 2011 were de minimis.

Effective upon consummation of the NHP acquisition, Richard I. Gilchrist, a former NHP director, was appointed to our Board of Directors. Mr. Gilchrist currently serves as Senior Advisor to The Irvine Company, and from 2006 until July 2011, he served as President of The Irvine Company's Investment Properties Group, from whom NHP leased its corporate headquarters prior to the acquisition. In 2010, NHP paid approximately $536,000 in rent to The Irvine Company. Nationwide Health Properties, LLC, our wholly owned subsidiary, continues to rent office space in the building owned by The Irvine Company.

NOTE 15 — SEGMENT INFORMATION

As of June 30, 2011, we operated through three reportable business segments: triple-net leased properties, senior living operations and MOB operations. Our triple-net leased properties segment consists of acquiring and owning seniors housing and healthcare properties in the United States and leasing those properties to healthcare operating companies under "triple-net" or "absolute-net" leases, which require the tenants to pay all property-related expenses. Our senior living operations segment consists of investments in seniors housing communities located in the United States and Canada for which we engage independent third parties, such as Sunrise and Atria, to manage the operations. Our MOB operations segment primarily consists of acquiring, owning, developing, leasing and managing MOBs. Information provided for "all other" includes revenues such as income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to our three reportable business segments. Assets included in all other consist primarily of corporate assets, including cash, restricted cash, deferred financing costs, notes receivable and miscellaneous accounts receivable.

With the addition of the Lillibridge businesses and properties in July 2010, we believed the segregation of our MOB operations into its own reportable business segment would be useful in assessing the performance of this portion of our business in the same way that management reviews our performance and makes operating decisions. Prior to the Lillibridge acquisition, we operated through two reportable business segments: triple-net leased properties and senior living operations. Prior year amounts have been restated to reflect the segregation of our MOB operations into a reportable business segment.

We evaluate performance of the combined properties in each reportable business segment based on segment profit, which we define as NOI adjusted for gain/loss from unconsolidated entities. We define NOI as total revenues, less interest and other income, property-level operating expenses and medical office building services costs. We believe that net income, as defined by GAAP, is the most appropriate earnings measurement. However, we believe that segment profit serves as a useful supplement to net income because it allows investors, analysts and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis. Segment profit should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of our financial performance. In order to facilitate a clear understanding of our consolidated historical operating results, segment profit should be examined in conjunction with net income as presented in our Consolidated Financial Statements and data included elsewhere in this Quarterly Report on Form 10-Q.

Interest expense, depreciation and amortization, general, administrative and professional fees and non-property specific revenues and expenses are not allocated to individual reportable business segments for purposes of assessing segment performance. There are no intersegment sales or transfers.

Summary information by reportable business segment is as follows:

For the three months ended June 30, 2011:

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations	All Other	Total
			(In thousands)		
Revenues:					
Rental income	$ 120,129	$ —	$ 23,758	$ —	$ 143,887
Resident fees and services	—	202,482	—	—	202,482
Medical office building services revenue	—	—	9,822	—	9,822
Income from loans and investments	—	—	—	8,391	8,391
Interest and other income	—	—	—	78	78
Total revenues	$ 120,129	$ 202,482	$ 33,580	$ 8,469	$ 364,660
Total revenues	$ 120,129	$ 202,482	$ 33,580	$ 8,469	$ 364,660
Less:					
Interest and other income	—	—	—	78	78
Property-level operating expenses	—	136,739	8,278	—	145,017
Medical office building services costs	—	—	7,954	—	7,954
Segment NOI	120,129	65,743	17,348	8,391	211,611
Loss from unconsolidated entities	—	—	(83)	—	(83)
Segment profit	$ 120,129	$ 65,743	$ 17,265	$ 8,391	211,528
Interest and other income					78
Interest expense					(53,732)
Depreciation and amortization					(80,755)
General, administrative and professional fees					(15,554)
Loss on extinguishment of debt					(6)
Merger-related expenses and deal costs					(55,807)
Other					7,773
Income tax benefit					6,209
Net income					$ 19,734

For the three months ended June 30, 2010:

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations	All Other	Total
			(In thousands)		
Revenues:					
Rental income	$ 117,386	$ —	$ 12,240	$ —	$ 129,626
Resident fees and services	—	109,867	—	—	109,867
Income from loans and investments	—	—	—	3,705	3,705
Interest and other income	—	—	—	122	122
Total revenues	$ 117,386	$ 109,867	$ 12,240	$ 3,827	$ 243,320
Total revenues	$ 117,386	$ 109,867	$ 12,240	$ 3,827	$ 243,320
Less:					
Interest and other income	—	—	—	122	122
Property-level operating expenses	—	71,059	4,124	—	75,183
Segment NOI	117,386	38,808	8,116	3,705	168,015
Loss from unconsolidated entities	—	—	—	—	—
Segment profit	$ 117,386	$ 38,808	$ 8,116	$ 3,705	168,015
Interest and other income					122
Interest expense					(43,840)
Depreciation and amortization					(50,040)
General, administrative and professional fees					(9,858)
Loss on extinguishment of debt					(6,549)
Merger-related expenses and deal costs					(4,207)
Other					(121)
Income tax expense					(409)
Discontinued operations					5,852
Net income					$ 58,965

For the six months ended June 30, 2011:

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations	All Other	Total
			(In thousands)		
Revenues:					
Rental income	$ 238,732	$ —	$ 47,994	$ —	$ 286,726
Resident fees and services	—	316,984	—	—	316,984
Medical office building services revenue	—	—	16,779	—	16,779
Income from loans and investments	—	—	—	14,476	14,476
Interest and other income	—	—	—	156	156
Total revenues	$ 238,732	$ 316,984	$ 64,773	$ 14,632	$ 635,121
Total revenues	$ 238,732	$ 316,984	$ 64,773	$ 14,632	$ 635,121
Less:					
Interest and other income	—	—	—	156	156
Property-level operating expenses	—	214,850	16,954	—	231,804
Medical office building services costs	—	—	13,490	—	13,490
Segment NOI	238,732	102,134	34,329	14,476	389,671
Loss from unconsolidated entities	—	—	(253)	—	(253)
Segment profit	$ 238,732	$ 102,134	$ 34,076	$ 14,476	389,418
Interest and other income					156
Interest expense					(96,290)
Depreciation and amortization					(132,514)
General, administrative and professional fees					(30,386)
Loss on extinguishment of debt					(16,526)
Merger-related expenses and deal costs					(62,256)
Other					7,772
Income tax benefit					9,406
Net income					$ 68,780

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For the six months ended June 30, 2010:

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations	All Other	Total
			(In thousands)		
Revenues:					
Rental income	$ 233,719	$ —	$ 24,429	$ —	$ 258,148
Resident fees and services	—	218,353	—	—	218,353
Income from loans and investments	—	—	—	7,322	7,322
Interest and other income	—	—	—	385	385
Total revenues	$ 233,719	$ 218,353	$ 24,429	$ 7,707	$ 484,208
Total revenues	$ 233,719	$ 218,353	$ 24,429	$ 7,707	$ 484,208
Less:					
Interest and other income	—	—	—	385	385
Property-level operating expenses	—	145,736	8,326	—	154,062
Segment NOI	233,719	72,617	16,103	7,322	329,761
Loss from unconsolidated entities	—	—	—	—	—
Segment profit	$ 233,719	$ 72,617	$ 16,103	$ 7,322	329,761
Interest and other income					385
Interest expense					(87,930)
Depreciation and amortization					(102,354)
General, administrative and professional fees					(20,541)
Loss on extinguishment of debt					(6,549)
Merger-related expenses and deal costs					(6,526)
Other					(15)
Income tax expense					(695)
Discontinued operations					6,597
Net income					$ 112,133

Assets by reportable business segment are as follows:

	As of June 30, 2011	As of December 31, 2010
	(In thousands)	
Assets:		
Triple-net leased properties	$ 2,429,255	$ 2,474,612
Senior living operations	5,791,526	2,297,041
MOB operations	739,492	748,945
All other assets	673,760	237,423
Total assets	$ 9,634,033	$ 5,758,021

Capital expenditures, including investments in real estate property, by reportable business segment are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Capital expenditures:				
Triple-net leased properties	$ 648	$ 100	$ 1,227	$ 12,092
Senior living operations	273,639	1,494	275,604	2,893
MOB operations (1)	1,450	12,244	6,869	15,008
Total capital expenditures	$ 275,737	$ 13,838	$ 283,700	$ 29,993

(1) The three and six months ended June 30, 2010 include $11.1 million in earnest money deposits related to the acquisition of businesses owned and operated by Lillibridge.

Our portfolio of properties and real estate loan and other investments are located in the United States and Canada. Revenues are attributed to an individual country based on the location of each property.

Geographic information regarding our operations is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Revenues:				
United States	$ 341,561	$ 222,689	$ 589,500	$ 443,314
Canada	23,099	20,631	45,621	40,894
Total revenues	$ 364,660	$ 243,320	$ 635,121	$ 484,208

	As of June 30, 2011	As of December 31, 2010
	(In thousands)	
Net real estate property:		
United States	$ 8,154,479	$ 4,857,510
Canada	426,469	422,009
Total net real estate property	$ 8,580,948	$ 5,279,519

NOTE 16 — SUBSEQUENT EVENT

In connection with the NHP acquisition, we acquired a portfolio of 32 triple-net leased seniors housing communities operated by affiliates of Hearthstone Senior Services, L.P. (together with its affiliates, “Hearthstone”). We have elected to transition the operation of these properties to affiliates of Senior Care, Inc. (together with its affiliates, “Senior Care”), which has been a tenant in 64 of our seniors housing and other healthcare properties since 2006. To effect the transition of these properties, on August 1, 2011, we terminated the Hearthstone master lease relating to 30 seniors housing communities and entered into a new master lease with Senior Care with respect to those properties, having a term of fifteen years, subject to two five-year renewal periods. Under a license agreement with Senior Care, Hearthstone will continue to hold the operating licenses for the properties until Senior Care receives new operating licenses with respect to the properties. We expect to terminate the leases for the remaining two seniors housing communities operated by Hearthstone and enter into new leases with Senior Care with respect to those properties upon receipt of lender approval. Hearthstone has agreed to fully cooperate in the transition pursuant to certain arrangements entered into concurrently with the termination of the Hearthstone master lease.

NOTE 17 — CONDENSED CONSOLIDATING INFORMATION

At the time of initial issuance, we and certain of our direct and indirect wholly owned subsidiaries (the “Wholly Owned Subsidiary Guarantors”) fully and unconditionally guaranteed, on a joint and several basis, the obligation to pay principal and interest with respect to the senior notes of our subsidiaries, Ventas Realty, Limited Partnership (“Ventas Realty”) and Ventas Capital Corporation (collectively, the “Issuers”) (other than our 3.125% senior notes due 2015 and our 4.750% senior notes due 2021). Ventas Capital Corporation is a wholly owned direct subsidiary of Ventas Realty that was formed in 2002 to facilitate offerings of the senior notes and has no assets or operations. In addition, at the time of initial issuance, Ventas Realty and the Wholly Owned Subsidiary Guarantors fully and unconditionally guaranteed, on a joint and several basis, the obligation to pay principal and interest with respect to our convertible notes. Other subsidiaries (“Non-Guarantor Subsidiaries”) that were not included among the Wholly Owned Subsidiary Guarantors were not obligated with respect to the senior notes or the convertible notes. On September 30, 2010, the Wholly Owned Subsidiary Guarantors were released from their obligations with respect to each series of then outstanding senior notes (other than the 9% senior notes due 2012) of the Issuers and our convertible notes pursuant to the terms of the applicable indentures. Contractual and legal restrictions, including those contained in the instruments governing certain Non-Guarantor Subsidiaries’ outstanding indebtedness, may under certain circumstances restrict our ability to obtain cash from our Non-Guarantor Subsidiaries for the purpose of meeting our debt service obligations, including our guarantee of payment of principal and interest on the senior notes and our primary obligation to pay principal and interest on the convertible notes. Certain of our real estate assets are also subject to mortgages. The following summarizes our condensed consolidating information as of June 30, 2011 and December 31, 2010 and for the three and six months ended June 30, 2011 and 2010:

CONDENSED CONSOLIDATING BALANCE SHEET
As of June 30, 2011

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Assets						
Net real estate investments	$ 622	$ 3,439,624	$1,175,563	$ 4,614,376	$ —	$ 9,230,185
Cash and cash equivalents	(82,746)	80,583	—	28,865	—	26,702
Escrow deposits and restricted cash	74	25,124	7,006	32,057	—	64,261
Deferred financing costs, net	3,082	923	5,368	6,756	—	16,129
Investment in and advances to affiliates	3,172,507	—	1,028,720	—	(4,201,227)	—
Other assets	109,382	130,363	11,560	45,451	—	296,756
Total assets	$ 3,202,921	$ 3,676,617	$2,228,217	$ 4,727,505	$ (4,201,227)	$ 9,634,033
Liabilities and equity						
Liabilities:						
Senior notes payable and other debt	$ 272,493	$ 242,533	$2,104,577	$ 2,387,477	$ —	$ 5,007,080
Intercompany loans	(145,423)	825,181	(686,760)	7,002	—	—
Accrued interest	(218)	753	16,486	9,537	—	26,558
Accounts payable and other liabilities	106,265	171,470	17,942	105,474	—	401,151
Deferred income taxes	279,668	—	—	—	—	279,668
Total liabilities	512,785	1,239,937	1,452,245	2,509,490	—	5,714,457
Total equity	2,690,136	2,436,680	775,972	2,218,015	(4,201,227)	3,919,576
Total liabilities and equity	$ 3,202,921	$ 3,676,617	$2,228,217	$ 4,727,505	$ (4,201,227)	$ 9,634,033

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2010

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
	(In thousands)					
Assets						
Net real estate investments	$ 937	$ 3,244,243	$ 688,158	$ 1,510,776	$ —	$ 5,444,114
Cash and cash equivalents	1,083	8,263	—	12,466	—	21,812
Escrow deposits and restricted cash	76	19,786	9,169	9,909	—	38,940
Deferred financing costs, net	2,691	1,961	7,961	6,920	—	19,533
Investment in and advances to affiliates	1,414,170	—	1,028,721	—	(2,442,891)	—
Other assets	75,794	119,773	8,057	29,998	—	233,622
Total assets	$ 1,494,751	$ 3,394,026	$1,742,066	$ 1,570,069	$ (2,442,891)	$ 5,758,021
Liabilities and equity						
Liabilities:						
Senior notes payable and other debt	$ 225,644	$ 539,564	$1,301,089	$ 833,747	$ —	$ 2,900,044
Intercompany loans	(144,897)	579,209	(434,454)	142	—	—
Accrued interest	(113)	2,704	12,852	3,853	—	19,296
Accounts payable and other liabilities	41,355	103,444	15,712	46,632	—	207,143
Deferred income taxes	241,333	—	—	—	—	241,333
Total liabilities	363,322	1,224,921	895,199	884,374	—	3,367,816
Total equity	1,131,429	2,169,105	846,867	685,695	(2,442,891)	2,390,205
Total liabilities and equity	$ 1,494,751	$ 3,394,026	$1,742,066	$ 1,570,069	$ (2,442,891)	$ 5,758,021

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended June 30, 2011

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Revenues:						
Rental income	$ 618	$ 55,043	$ 71,072	$ 17,154	$ —	$ 143,887
Resident fees and services	—	85,232	—	117,250	—	202,482
Medical office building services revenues	—	9,822	—	—	—	9,822
Income from loans and investments	930	431	7,030	—	—	8,391
Equity earnings in affiliates	67,633	426	—	—	(68,059)	—
Interest and other income	39	7	21	11	—	78
Total revenues	69,220	150,961	78,123	134,415	(68,059)	364,660
Expenses:						
Interest	(678)	14,623	17,412	22,375	—	53,732
Depreciation and amortization	414	31,971	8,842	39,528	—	80,755
Property-level operating expenses	—	64,369	155	80,493	—	145,017
Medical office building services costs	—	7,954	—	—	—	7,954
General, administrative and professional fees	(6,001)	10,608	9,058	1,889	—	15,554
Loss on extinguishment of debt	—	6	—	—	—	6
Merger-related expenses and deal costs	55,388	419	—	—	—	55,807
Other	40	1,075	—	(8,888)	—	(7,773)
Intercompany interest	—	—	—	—	—	—
Total expenses	49,163	131,025	35,467	135,397	—	351,052
Income (loss) from continuing operations before loss from unconsolidated entities, income taxes and noncontrolling interest	20,057	19,936	42,656	(982)	(68,059)	13,608
Loss from unconsolidated entities	—	—	(83)	—	—	(83)
Income tax (expense) benefit	(381)	6,590	—	—	—	6,209
Net income (loss)	19,676	26,526	42,573	(982)	(68,059)	19,734
Net income attributable to noncontrolling interest, net of tax	—	—	—	58	—	58
Net income (loss) attributable to common stockholders	$ 19,676	$ 26,526	$ 42,573	$ (1,040)	$ (68,059)	$ 19,676

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended June 30, 2010

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Revenues:						
Rental income	$ 602	$ 44,497	$ 70,082	$ 14,445	$ —	$ 129,626
Resident fees and services	—	63,247	—	46,620	—	109,867
Income from loans and investments	1,411	470	1,824	—	—	3,705
Equity earnings in affiliates	61,610	444	—	—	(62,054)	—
Interest and other income	85	8	21	8	—	122
Total revenues	63,708	108,666	71,927	61,073	(62,054)	243,320
Expenses:						
Interest	210	19,024	12,939	11,667	—	43,840
Depreciation and amortization	416	26,815	9,479	13,330	—	50,040
Property-level operating expenses	2	41,350	137	33,694	—	75,183
General, administrative and professional fees	133	4,023	4,730	972	—	9,858
Loss on extinguishment of debt	—	6,447	102	—	—	6,549
Merger-related expenses and deal costs	4,199	(2)	—	10	—	4,207
Other	182	(63)	—	2	—	121
Intercompany interest	—	—	—	—	—	—
Total expenses	5,142	97,594	27,387	59,675	—	189,798
Income before income taxes, discontinued operations and noncontrolling interest	58,566	11,072	44,540	1,398	(62,054)	53,522
Income tax (expense) benefit	(499)	90	—	—	—	(409)
Income from continuing operations	58,067	11,162	44,540	1,398	(62,054)	53,113
Discontinued operations	—	5,595	257	—	—	5,852
Net income	58,067	16,757	44,797	1,398	(62,054)	58,965
Net income attributable to noncontrolling interest, net of tax	—	—	429	469	—	898
Net income attributable to common stockholders	$ 58,067	$ 16,757	$ 44,368	$ 929	$ (62,054)	$ 58,067

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Six Months Ended June 30, 2011

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Revenues:						
Rental income	$ 1,225	$ 109,994	$141,041	$ 34,466	$ —	$ 286,726
Resident fees and services	—	151,918	—	165,066	—	316,984
Medical office building services revenues	—	16,779	—	—	—	16,779
Income from loans and investments	3,945	2,068	8,463	—	—	14,476
Equity earnings in affiliates	118,075	844	—	—	(118,919)	—
Interest and other income	90	12	42	12	—	156
Total revenues	123,335	281,615	149,546	199,544	(118,919)	635,121
Expenses:						
Interest	(866)	30,646	31,505	35,005	—	96,290
Depreciation and amortization	834	60,374	17,911	53,395	—	132,514
Property-level operating expenses	—	114,393	299	117,112	—	231,804
Medical office building services costs	—	13,490	—	—	—	13,490
General, administrative and professional fees	(7,035)	19,028	15,198	3,195	—	30,386
Loss on extinguishment of debt	—	16,526	—	—	—	16,526
Merger-related expenses and deal costs	61,199	1,057	—	—	—	62,256
Other	30	1,087	—	(8,889)	—	(7,772)
Intercompany interest	—	—	—	—	—	—
Total expenses	54,162	256,601	64,913	199,818	—	575,494
Income (loss) from continuing operations before loss from unconsolidated entities, income taxes and noncontrolling interest	69,173	25,014	84,633	(274)	(118,919)	59,627
Loss from unconsolidated entities	—	—	(253)	—	—	(253)
Income tax (expense) benefit	(513)	9,919	—	—	—	9,406
Net income (loss)	68,660	34,933	84,380	(274)	(118,919)	68,780
Net income attributable to noncontrolling interest, net of tax	—	—	—	120	—	120
Net income (loss) attributable to common stockholders	$ 68,660	$ 34,933	$ 84,380	$ (394)	$ (118,919)	$ 68,660

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CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Six Months Ended June 30, 2010

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Revenues:						
Rental income	$ 1,195	$ 88,853	$139,345	$ 28,755	$ —	$ 258,148
Resident fees and services	—	125,549	—	92,804	—	218,353
Income from loans and investments	2,841	880	3,601	—	—	7,322
Equity earnings in affiliates	115,741	870	—	—	(116,611)	—
Interest and other income	292	36	42	15	—	385
Total revenues	120,069	216,188	142,988	121,574	(116,611)	484,208
Expenses:						
Interest	276	37,986	26,396	23,272	—	87,930
Depreciation and amortization	808	55,195	19,132	27,219	—	102,354
Property-level operating expenses	—	85,125	266	68,671	—	154,062
General, administrative and professional fees	120	8,560	9,838	2,023	—	20,541
Loss on extinguishment of debt	—	6,447	102	—	—	6,549
Merger-related expenses and deal costs	6,467	49	—	10	—	6,526
Other	42	(30)	—	3	—	15
Intercompany interest	—	—	—	—	—	—
Total expenses	7,713	193,332	55,734	121,198	—	377,977
Income before income taxes, discontinued operations and noncontrolling interest	112,356	22,856	87,254	376	(116,611)	106,231
Income tax (expense) benefit	(1,510)	815	—	—	—	(695)
Income from continuing operations	110,846	23,671	87,254	376	(116,611)	105,536
Discontinued operations	(160)	6,192	565	—	—	6,597
Net income	110,686	29,863	87,819	376	(116,611)	112,133
Net income attributable to noncontrolling interest, net of tax	—	—	782	665	—	1,447
Net income (loss) attributable to common stockholders	$ 110,686	$ 29,863	$ 87,037	$ (289)	$ (116,611)	$ 110,686

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2011

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Net cash (used in) provided by operating activities	$ (56,351)	$ 89,686	$ 107,843	$ 45,122	$ —	$ 186,300
Net cash (used in) provided by investing activities	(322,302)	97,521	(500,879)	(18,946)	—	(744,606)
Cash flows from financing activities:						
Net change in borrowings under revolving credit facilities	—	—	99,500	—	—	99,500
Proceeds from debt	—	—	689,374	14,737	—	704,111
Repayment of debt	—	(326,975)	—	(10,452)	—	(337,427)
Net change in intercompany debt	188,002	214,413	(407,836)	5,421	—	—
Payment of deferred financing costs	—	(73)	(985)	(305)	—	(1,363)
Issuance of common stock, net	299,884	—	—	—	—	299,884
Cash distribution from (to) affiliates	7,932	(2,252)	12,882	(18,562)	—	—
Cash distribution to common stockholders	(201,949)	—	—	—	—	(201,949)
Distributions to noncontrolling interest	—	—	—	(616)	—	(616)
Other	955	—	—	—	—	955
Net cash provided by (used in) financing activities	294,824	(114,887)	392,935	(9,777)	—	563,095
Net (decrease) increase in cash and cash equivalents	(83,829)	72,320	(101)	16,399	—	4,789
Effect of foreign currency translation on cash and cash equivalents	—	—	101	—	—	101
Cash and cash equivalents at beginning of period	1,083	8,263	—	12,466	—	21,812
Cash and cash equivalents at end of period	$ (82,746)	$ 80,583	$ —	$ 28,865	$ —	$ 26,702

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2010

	Ventas, Inc.	Wholly Owned Subsidiary Guarantors	Issuers	Non-Guarantor Subsidiaries	Consolidated Elimination	Consolidated
			(In thousands)			
Net cash (used in) provided by operating activities	$ (5,903)	$ 96,416	$ 110,425	$ 6,779	$ —	$ 207,717
Net cash (used in) provided by investing activities	(11,083)	4,617	(14,426)	(545)	—	(21,437)
Cash flows from financing activities:						
Net change in borrowings under revolving credit facilities	—	33,280	84,000	—	—	117,280
Proceeds from debt	—	—	—	696	—	696
Repayment of debt	—	(60,054)	(149,127)	(5,990)	—	(215,171)
Net change in intercompany debt	270,919	(116,945)	8,100	(162,074)	—	—
Payment of deferred financing costs	—	(48)	(1,792)	—	—	(1,840)
Cash distribution (to) from affiliates	(88,220)	44,331	(120,018)	163,907	—	—
Cash distribution to common stockholders	(167,829)	—	—	—	—	(167,829)
Contributions from noncontrolling interest	—	—	—	633	—	633
Distributions to noncontrolling interest	—	—	—	(4,277)	—	(4,277)
Other	4,673	—	—	—	—	4,673
Net cash provided by (used in) financing activities	19,543	(99,436)	(178,837)	(7,105)	—	(265,835)
Net increase (decrease) in cash and cash equivalents	2,557	1,597	(82,838)	(871)	—	(79,555)
Effect of foreign currency translation on cash and cash equivalents	—	—	(48)	—	—	(48)
Cash and cash equivalents at beginning of period	—	7,873	82,886	16,638	—	107,397
Cash and cash equivalents at end of period	$ 2,557	$ 9,470	$ —	$ 15,767	$ —	$ 27,794

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

Unless otherwise indicated or except where the context otherwise requires, the terms "we," "us" and "our" and other similar terms in this Quarterly Report on Form 10-Q refer to Ventas, Inc. and its consolidated subsidiaries.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements regarding our or our tenants', operators', managers' or borrowers' expected future financial position, results of operations, cash flows, funds from operations, dividends and dividend plans, financing plans, business strategy, budgets, projected costs, operating metrics, capital expenditures, competitive positions, acquisitions, investment opportunities, dispositions, merger integration, growth opportunities, expected lease income, continued qualification as a real estate investment trust ("REIT"), plans and objectives of management for future operations and statements that include words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions are forward-looking statements. These forward-looking statements are inherently uncertain, and security holders must recognize that actual results may differ from our expectations. We do not undertake a duty to update these forward-looking statements, which speak only as of the date on which they are made.

Our actual future results and trends may differ materially from expectations depending on a variety of factors discussed in our filings with the Securities and Exchange Commission (the "SEC"). These factors include without limitation:

- The ability and willingness of our tenants, operators, borrowers, managers and other third parties to meet and/or perform their obligations under their respective contractual arrangements with us, including, in some cases, their obligations to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities;
- The ability of our tenants, operators, borrowers and managers to maintain the financial strength and liquidity necessary to satisfy their respective obligations and liabilities to third parties, including without limitation obligations under their existing credit facilities and other indebtedness;
- Our success in implementing our business strategy and our ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments, including the Nationwide Health Properties, Inc. ("NHP") transaction and those in different asset types and outside the United States;
- Macroeconomic conditions such as a disruption of or lack of access to the capital markets, changes in the debt rating on U.S. government securities, default and/or delay in payment by the United States of its obligations, and changes in the federal budget resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates;
- The nature and extent of future competition;
- The extent of future or pending healthcare reform and regulation, including cost containment measures and changes in reimbursement policies, procedures and rates;
- Increases in our cost of borrowing as a result of changes in interest rates and other factors;
- The ability of our operators and managers, as applicable, to deliver high quality services, to attract and retain qualified personnel and to attract residents and patients;
- Changes in general economic conditions and/or economic conditions in the markets in which we may, from time to time, compete, and the effect of those changes on our revenues and our ability to access the capital markets or other sources of funds;
- Our ability to pay down, refinance, restructure and/or extend our indebtedness as it becomes due;
- Our ability and willingness to maintain our qualification as a REIT due to economic, market, legal, tax or other considerations;

- Final determination of our taxable net income for the year ended December 31, 2010 and for the year ending December 31, 2011;
- The ability and willingness of our tenants to renew their leases with us upon expiration of the leases and our ability to reposition our properties on the same or better terms in the event such leases expire and are not renewed by our tenants or in the event we exercise our right to replace an existing tenant upon a default;
- Risks associated with our senior living operating portfolio, such as factors causing volatility in our operating income and earnings generated by our properties, including without limitation national and regional economic conditions, costs of materials, energy, labor and services, employee benefit costs, insurance costs and professional and general liability claims, and the timely delivery of accurate property-level financial results for those properties;
- The movement of U.S. and Canadian exchange rates;
- Year-over-year changes in the Consumer Price Index and the effect of those changes on the rent escalators, including the rent escalator for Master Lease 2 with Kindred Healthcare, Inc. (together with its subsidiaries, "Kindred"), and our earnings;
- Our ability and the ability of our tenants, operators, borrowers and managers to obtain and maintain adequate liability and other insurance from reputable and financially stable providers;
- The impact of increased operating costs and uninsured professional liability claims on the liquidity, financial condition and results of operations of our tenants, operators, borrowers and managers and the ability of our tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims;
- Risks associated with our medical office building ("MOB") portfolio and operations, including our ability to successfully design, develop and manage MOBs, to accurately estimate our costs in fixed fee-for-service projects and to retain key personnel;
- The ability of the hospitals on or near whose campuses our MOBs are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups;
- Our ability to maintain or expand our relationships with our existing and future hospital and health system clients;
- Risks associated with our investments in joint ventures and unconsolidated entities, including our lack of sole decision-making authority and our reliance on our joint venture partners' financial condition;
- The impact of market or issuer events on the liquidity or value of our investments in marketable securities; and
- The impact of any financial, accounting, legal or regulatory issues or litigation that may affect us or our major tenants, operators and managers.

Many of these factors are beyond our control and the control of our management.

Kindred, Brookdale Senior Living, Sunrise and Atria Information

Each of Kindred, Brookdale Senior Living Inc. (together with its subsidiaries, "Brookdale Senior Living") and Sunrise Senior Living, Inc. (together with its subsidiaries, "Sunrise") is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Kindred, Brookdale Senior Living and Sunrise contained or referred to in this Quarterly Report on Form 10-Q is derived from filings made by Kindred, Brookdale Senior Living or Sunrise, as the case may be, with the SEC or other publicly available information, or has been provided to us by Kindred, Brookdale Senior Living or Sunrise. We have not verified this information either through an independent investigation or by reviewing Kindred's, Brookdale Senior Living's or Sunrise's public filings. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate. Kindred's, Brookdale Senior Living's and Sunrise's filings with the SEC can be found at the SEC's website at www.sec.gov. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred's, Brookdale Senior Living's and Sunrise's publicly available filings from the SEC.

Atria Senior Living, Inc. ("Atria") is not subject to the reporting requirements of the SEC. The information related to Atria contained or referred to in this Quarterly Report on Form 10-Q is derived from information provided to us by Atria. We have not verified this information through an independent investigation. We have no reason to believe that this information is inaccurate in any material respect, but we cannot assure you that all of this information is accurate.

Company Overview

We are a REIT with a geographically diverse portfolio of seniors housing and healthcare properties in the United States and Canada. As of June 30, 2011, our portfolio consisted of 719 properties: 357 seniors housing communities, 187 skilled nursing facilities, 40 hospitals and 135 MOBs and other properties in 43 states, the District of Columbia and two Canadian provinces. We are a constituent member of the S&P 500 ® index, a leading indicator of the large cap U.S. equities market, with our headquarters located in Chicago, Illinois.

Our primary business consists of acquiring, financing and owning seniors housing and healthcare properties and leasing those properties to third parties or operating those properties through independent third-party managers. Through our Lillibridge Healthcare Services, Inc. ("Lillibridge") subsidiary, we also provide 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 real estate loan and other investments relating to seniors housing and healthcare companies or properties.

As of June 30, 2011, we leased 393 of our properties to healthcare operating companies under "triple-net" or "absolute-net" leases, which require the tenants to pay all property-related expenses, and we engaged independent third parties, such as Sunrise and Atria, to manage 199 of our seniors housing communities pursuant to long-term management agreements.

Our business strategy is comprised of three principal objectives: (1) generating consistent, reliable and growing cash flows; (2) maintaining a well-diversified portfolio; and (3) preserving our investment grade balance sheet and liquidity.

Access to external capital is critical to the success of our strategy as it impacts our ability to repay maturing indebtedness and make future investments. Our access to and cost of capital depend on various factors, including general market conditions, interest rates, credit ratings on our securities, perception of our potential future earnings and cash distributions and the market price of our common stock. Generally, we attempt to match the long-term duration of most of our investments with long-term fixed rate financing. At June 30, 2011, only 11.1% of our consolidated debt was variable rate debt.

Operating Highlights and Key Performance Trends

2011 Highlights

- Our Board of Directors declared the first and second quarterly installments of our 2011 dividend in the amount of $0.575 per share, which represents a 7.5% increase over our 2010 quarterly dividend. The first quarterly installment of the 2011 dividend was paid on March 31, 2011 to stockholders of record on March 11, 2011. The second quarterly installment of the 2011 dividend was paid on June 30, 2011 to stockholders of record on June 10, 2011. In connection with the NHP acquisition, on June 20, 2011, our Board of Directors declared a prorated third quarter dividend on our common stock, payable in cash to stockholders of record at the close of business on June 30, 2011. The prorated dividend ($0.1264 per share) was paid on July 12, 2011.

- In February 2011, we completed the sale of 5,563,000 shares of our common stock in an underwritten public offering pursuant to our existing shelf registration statement. We received $300.0 million in aggregate proceeds from the sale, which we used to repay existing mortgage debt and for working capital and other general corporate purposes.

- In February 2011, we repaid in full mortgage loans outstanding in the aggregate principal amount of $307.2 million and recognized a loss on extinguishment of debt of $16.5 million in connection with this repayment in the first quarter of 2011.

- In April 2011, we received proceeds of $112.4 million in final repayment of a first mortgage loan and recognized a gain of $3.3 million in income from loans and investments on our Consolidated Statements of Income in connection with this repayment in the second quarter of 2011.
- In May 2011, we issued and sold $700.0 million aggregate principal amount of 4.750% senior notes due 2021, at a public offering price equal to 99.132% of par for total proceeds of $693.9 million, before the underwriting discount and expenses. We used a portion of the proceeds from the issuance to fund a senior unsecured term loan to NHP in the aggregate principal amount of $600.0 million, bearing interest at a fixed rate of 5.0% per annum and maturing in 2021.
- In May 2011, we acquired substantially all of the real estate assets and working capital of privately-owned Atria Senior Living Group, Inc. (together with its affiliates, "Atria Senior Living") for a total purchase price of $3.4 billion. See "Note 4—Acquisitions of Real Estate Property" of the Notes to Consolidated Financial Statements included in Part I of this Quarterly Report on Form 10-Q.
- Effective May 13, 2011, Matthew J. Lustig, Chief Executive Officer and Managing Principal of Lazard Real Estate Partners LLC and Atria Chairman, was appointed to our Board of Directors.
- In July 2011, we acquired NHP in a stock-for-stock transaction. At the effective time, each outstanding share of NHP common stock (other than shares owned by us or any of our subsidiaries or any wholly owned subsidiary of NHP) was converted into the right to receive 0.7866 shares of our common stock, with cash paid in lieu of fractional shares. See "Note 4—Acquisitions of Real Estate Property" of the Notes to Consolidated Financial Statements included in Part I of this Quarterly Report on Form 10-Q.
- On July 1, 2011, following approval by our stockholders, we amended our Amended and Restated Certificate of Incorporation, as previously amended, to increase the number of authorized shares of our capital stock to 610,000,000, comprised of 600,000,000 shares of common stock, par value $0.25 per share, and 10,000,000 shares of preferred stock, par value $1.00 per share.
- Also on July 1, 2011, we amended our Fourth Amended and Restated By-laws to increase the maximum number of directors allowed to serve on the Board of Directors at any one time from eleven to thirteen and appointed three former NHP directors to our Board: Douglas M. Pasquale, Richard I. Gilchrist and Robert D. Paulson.
- In July 2011, we redeemed $200.0 million principal amount of our outstanding 6 1/2% senior notes due 2016, at a redemption price equal to 103.25% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. As a result, we paid a total of approximately $206.5 million, plus accrued and unpaid interest, on the redemption date and expect to recognize a loss on extinguishment of debt of $8.7 million during the third quarter of 2011.

Concentration Risk

We use concentration ratios to understand the potential risks of economic downturns or other adverse events affecting our various asset types, geographic locations or tenants, operators and managers. We evaluate our concentration risk in terms of investment mix and operations mix. Investment mix measures the portion of our investments that consists of a certain asset type or that is operated or managed by a particular tenant, operator or manager. Operations mix measures the portion of our operating results that is attributed to a certain tenant or operator, geographic location or business model. The following tables reflect our concentration risk as of the dates and for the periods presented:

	June 30, 2011	December 31, 2010
Investment mix by asset type [1]:		
Seniors housing communities	76.4%	70.2%
Skilled nursing facilities	7.5%	11.7%
MOBs	7.0%	10.8%
Loans receivable, net	5.8%	2.2%
Hospitals	3.2%	5.0%
Other properties	0.1%	0.1%
Investment mix by tenant, operator and manager [1]:		
Atria	31.5%	N/A
Sunrise	24.4%	37.9%
Brookdale Senior Living	12.6%	19.7%
Kindred	8.4%	13.1%

1 Ratios are based on the gross book value of real estate investments as of each reporting date.

	For the Six Months Ended June 30,	
	2011	2010
Operations mix by tenant and operator and business model:		
Revenues [1] :		
Senior living operations [2]	49.5%	44.7%
Kindred	19.8%	25.2%
Brookdale Senior Living	9.3%	12.5%
All others	16.5%	16.0%
Adjusted EBITDA [3] :		
Kindred	30.5%	35.8%
Senior living operations [2]	27.0%	22.1%
Brookdale Senior Living	14.3%	16.2%
All others	28.2%	25.9%
NOI [4] :		
Kindred	32.3%	37.0%
Senior living operations [2]	26.2%	21.9%
Brookdale Senior Living	15.1%	18.3%
All others	26.4%	22.8%
Operations mix by geographic location [5] :		
California	12.5%	12.5%
Illinois	8.5%	10.4%
New York	6.5%	3.6%
Pennsylvania	5.2%	5.6%
Ontario	5.1%	5.9%
All others	57.3%	60.4%

1 Total revenues includes medical office building services revenue, revenue from loans and investments and interest and other income. Revenues from properties sold or held for sale as of the reporting date are included in this presentation.

2 Amounts attributable to senior living operations managed by Atria relate to the period from May 12, 2011, the date of the Atria Senior Living acquisition, through June 30, 2011.

3 "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding merger-related expenses and deal costs, gains or losses on sales of real property assets, and changes in the fair value of interest rate swaps (including amounts in discontinued operations).

4 "NOI" represents net operating income, which is defined as total revenues, excluding interest and other income, less property-level operating expenses and medical office building services costs (including amounts in discontinued operations).

5 Ratios are based on total revenues for each period presented. Total revenues includes medical office building services revenue, revenue from loans and investments and interest and other income. Revenues from properties sold as of the reporting date are excluded from this presentation.

See "Non-GAAP Financial Measures" included elsewhere in this Quarterly Report on Form 10-Q for additional disclosures and reconciliations of Adjusted EBITDA and NOI to our net income or total revenues, as applicable, as computed in accordance with U.S. generally accepted accounting principles ("GAAP").

Recent Developments Regarding Government Regulation

Medicare Reimbursement: Long-Term Acute Care Hospitals

On August 1, 2011, the Centers for Medicare & Medicaid Services ("CMS") put on public display for August 18, 2011 publication its final rule updating the prospective payment system for long-term acute care hospitals (LTAC PPS) for the 2012 fiscal year (October 1, 2011 through September 30, 2012). Under the final rule, the LTAC PPS standard federal payment rate will increase by 1.8% in fiscal year 2012, reflecting a 2.9% increase in the market basket index, less a 1.0% productivity adjustment and an additional 0.1% negative adjustment mandated by the Patient Protection and Affordable Care Act and its reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act"). As a result, CMS estimates that net payments to long-term acute care hospitals under the final rule will increase by approximately $126 million, or 2.5%, in fiscal year 2012 due to area wage adjustments, as well as increases in high-cost and short-stay outlier payments and other policies adopted in the final rule.

We are currently analyzing the financial implications of the final rule issued by CMS on the operators of our long-term acute care hospitals. We cannot assure you that this rule or future updates to LTAC PPS or Medicare reimbursement for long-term acute care hospitals will not materially adversely affect our operators, which, in turn, could have a material adverse effect on our business, financial condition, results of operations and liquidity, on our ability to service our indebtedness and other obligations and on our ability to make distributions to our stockholders, as required for us to continue to qualify as a REIT (a "Material Adverse Effect").

Medicare Reimbursement: Skilled Nursing Facilities

On July 29, 2011, CMS put on public display for August 8, 2011 publication its final rule updating the prospective payment system for skilled nursing facilities (SNF PPS) for the 2012 fiscal year (October 1, 2011 through September 30, 2012). Under the final rule, the update to the SNF PPS standard federal payment rate includes a 2.7% increase in the market basket index, less a 1.0% productivity adjustment mandated by the Affordable Care Act and a 12.6% "parity adjustment recalibration" to account for estimated overpayments under the RUG-IV classification model, resulting in a net 11.1% decrease in the SNF PPS standard federal payment rate for fiscal year 2012. The final rule also requires group therapy to be treated in the same manner as concurrent therapy (i.e., allocating therapy minutes among the group's patients, rather than count the same minutes for each patient), which may additionally affect net payments to skilled nursing facilities. CMS estimates that net payments to skilled nursing facilities as a result of the final rule will decrease by approximately $3.87 billion in fiscal year 2012. However, CMS has stated that "Even with the recalibration, the FY 2012 payment rates will be 3.4 percent higher than the rates established for FY 2010, the period immediately preceding the unintended spike in payment levels."

We are currently analyzing the financial implications of the final rule issued by CMS on the operators of our skilled nursing facilities. We cannot assure you that this rule or future updates to SNF PPS or Medicare reimbursement for skilled nursing facilities will not materially adversely affect our operators, which, in turn, could have a Material Adverse Effect on us.

Debt Ceiling and Deficit Reduction Legislation

On August 2, 2011, President Obama and the U.S. Congress enacted legislation to lift the federal government's borrowing authority (the so-called "debt ceiling") and reduce the federal government's projected operating deficit. To implement this legislation, President Obama and members of the U.S. Congress have proposed various spending cuts and tax reform initiatives, some of which could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. These measures and any future federal legislation relating to the debt ceiling or deficit reduction could have a material adverse effect on our operators' liquidity, financial condition or results of operations, which could adversely affect their ability to satisfy their obligations to us and which, in turn, could have a Material Adverse Effect on us.

Medicaid Reimbursement: Skilled Nursing Facilities

In an effort to address their own budget shortfalls, many state legislatures have proposed or enacted widespread changes to their Medicaid programs that are anticipated to reduce future payments to healthcare providers, including skilled nursing facility operators. At this time, we cannot predict the impact such changes would have on our skilled nursing facility operators, nor can we predict whether significant Medicaid rate freezes, cuts or other program changes will be adopted by other states in the future. Severe and widespread rate cuts or freezes could adversely affect our skilled nursing facility operators' ability to satisfy their obligations to us and, in turn, could have a Material Adverse Effect on us.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q have been prepared in accordance with GAAP for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"). GAAP requires us to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base these estimates on our experience and on various other assumptions we believe to be reasonable under the circumstances. However, if our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, a different accounting treatment may have been applied, resulting in a different presentation of our financial statements. We periodically re-evaluate our estimates and assumptions, and in the event they prove to be different from actual results, we make adjustments in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. In addition to the policies outlined below, please refer to our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 18, 2011, for further information regarding the critical accounting policies that affect our more significant estimates and assumptions used in the preparation of our Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Long-Lived Assets and Intangibles

We record investments in real estate assets at cost. We account for acquisitions using the acquisition method and allocate the cost of the properties acquired among tangible and recognized intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Recognized intangibles primarily include the value of in-place leases, acquired lease contracts, tenant and customer relationships, trade names/trademarks and goodwill.

Our method for allocating the purchase price paid to acquire investments in real estate requires us to make subjective assessments for determining fair value of the assets acquired and liabilities assumed. This includes determining the value of the buildings and improvements, land and improvements, ground leases, tenant improvements, in-place leases, above and/or below market leases and any debt assumed. These estimates require significant judgment and in some cases involve complex calculations. These allocation assessments directly impact our results of operations, as amounts allocated to certain assets and liabilities have different depreciation or amortization lives. In addition, we amortize the value assigned to above and/or below market leases as a component of revenue, unlike in-place leases and other intangibles, which we include in depreciation and amortization in our Consolidated Statements of Income.

We estimate the fair value of buildings acquired on an as-if-vacant basis and depreciate the building value over the estimated remaining life of the building. We determine the allocated value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives. We determine the value of land by considering the sales prices of similar properties in recent transactions or based on (i) internal analyses of recently acquired and existing comparable properties within our portfolio or (ii) real estate tax assessed values in relation to the total value of the asset. The fair value of acquired lease intangibles, if any, reflects (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and the in-place lease rent, the resulting intangible asset or liability of which is amortized to revenue over the remaining life of the associated lease plus any bargain renewal periods and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including tenant allowances, tenant improvements and leasing commissions, and an estimated value of the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period, as if the acquired space was vacant, which is amortized to amortization expense over the remaining life of the associated lease. We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing business relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential for significant, additional future leasing arrangements with the tenant and amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names/trademarks using a royalty rate methodology and amortize the value over the estimated useful life of the trade name/trademark.

In connection with a business combination, we may assume the rights and obligations of certain lease agreements pursuant to which we become the lessee of a given property. We assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. For capital leases we have assumed that contain bargain purchase options, we recognize an asset based on the acquisition date fair value of the underlying asset and a liability based on the fair value of the capital lease obligation. Assets recognized under capital leases that contain bargain purchase options are depreciated over the asset's useful life. Assumed operating leases, including ground leases, are assessed to determine if the lease terms are favorable or unfavorable given current market conditions on the acquisition date. To the extent the lease arrangement is favorable or unfavorable relative to market conditions on the acquisition date, we recognize an asset or liability at fair value.

All lease related intangible assets are included within acquired lease intangibles and all lease related intangible liabilities are included within accounts payable and other liabilities on our Consolidated Balance Sheets. In addition, operating lease intangibles are valued utilizing discounted cash flow projections. The recognized asset or liability for these leases is amortized to rental expense over the term of the lease and is included in our Consolidated Statements of Income.

We calculate the fair value of long-term debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate we would expect to incur to replace each instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument. If applicable, we record a liability for contingent consideration at fair value as of the acquisition date (included in accounts payable and other liabilities on our Consolidated Balance Sheets) and reassess the fair value at the end of each reporting period, with any change being recognized in earnings. Increases or decreases in the fair value of the contingent consideration can result from changes in discount periods, discount rates and probabilities that contingencies will be met. We do not amortize goodwill, which is included in other assets on our Consolidated Balance Sheets and represents the excess of the purchase price paid over the fair value of the net assets of the acquired business.

Fair Value

We follow FASB guidance that defines fair value and provides direction for measuring fair value and making the necessary related disclosures. The guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance 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 the reporting entity has 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, as well as other observable inputs for the asset or liability, such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level three inputs are unobservable inputs for the asset or liability, which are typically based on the reporting entity's own assumptions, as there is little, if any, related market activity. In instances where 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 based on the lowest level input that is significant to the fair value measurement in its entirety. If an entity determines there has been a significant decrease in the volume and level of activity for an asset or liability 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 the transaction for the asset or liability is not orderly, the entity shall place little, if any, weight on that transaction price as an 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 determined the fair value of our current investments in marketable debt securities using level two inputs. We determined the valuation allowance for loan losses based on level three inputs.

With the assistance of a third party, we estimate the fair value of our derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, using level two inputs. We determine the fair value of interest rate caps using forward yield curves and other relevant information. We estimate the fair value of interest rate swaps using alternative financing rates derived from market-based financing rates, forward yield curves and discount rates. We determine the fair value of foreign currency forward contracts by estimating the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculating a present value of the net amount using a discount factor based on observable traded interest rates.

We estimate the fair value of contingent consideration using probability assessments of expected future cash flows over the period in which the obligation is expected to be settled, and by applying a discount rate that appropriately captures a market participant's view of the risk associated with the obligation. The inputs we used to determine fair value of contingent consideration are considered level three inputs.

Recently Issued or Adopted Accounting Standards

In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05 *Presentation of Comprehensive Income* ("ASU 2011-05"), which amends current guidance found in ASC Topic 220, *Comprehensive Income* ("ASC 220"). ASU 2011-05 requires entities to present comprehensive income in either: (i) one continuous financial statement or (ii) two separate but consecutive statements that display net income and the components of other comprehensive income. Totals and individual components of both net income and other comprehensive income must be included in either presentation. The provisions of ASU 2011-05 are effective for us beginning with the first quarter of 2012, but we do not expect ASU 2011-05 to have a significant impact on our Consolidated Financial Statements.

On January 1, 2011, we adopted ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29") , which impacts any public entity that enters into business combinations that are material on an individual or aggregate basis. ASU 2010-29 specifies that a public entity presenting comparative financial statements should disclose revenues and earnings of the combined entity as though the business combination(s) that occurred during the year had occurred at the beginning of the prior annual reporting period when preparing the pro forma financial information for both the current and prior reporting periods. This guidance, which is effective for business combinations consummated in periods beginning after December 15, 2010, also requires that pro forma disclosures be accompanied by a narrative description regarding the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination(s) included in reported pro forma revenues and earnings. We have presented supplementary pro forma information related to our acquisition of substantially all of the real estate assets and working capital of Atria Senior Living in May 2011 and our acquisition of NHP in July 2011 in "Note 4—Acquisitions of Real Estate Property" of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

On January 1, 2011, we adopted ASU 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ("ASU 2010-28"). ASU 2010-28 states that if a reporting unit has a carrying amount equal to or less than zero and there are qualitative factors that indicate it is more likely than not that a goodwill impairment exists, Step 2 of the goodwill impairment test must be performed. The adoption of ASU 2010-28 did not impact our Consolidated Financial Statements.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which expands required disclosures related to an entity's fair value measurements. Certain provisions of ASU 2010-06 were effective for interim and annual reporting periods beginning after December 15, 2009, and we adopted those provisions as of January 1, 2010. The remaining provisions, which were effective for interim and annual reporting periods beginning after December 15, 2010, require additional disclosures related to purchases, sales, issuances and settlements in an entity's reconciliation of recurring level three investments. We adopted the final provisions of ASU 2010-06 as of January 1, 2011. The adoption of ASU 2010-06 did not impact our Consolidated Financial Statements.

Results of Operations

As of June 30, 2011, we operated through three reportable business segments: triple-net leased properties, senior living operations and MOB operations. Our triple-net leased properties segment consists of acquiring and owning seniors housing and healthcare properties in the United States and leasing those properties to healthcare operating companies under "triple-net" or "absolute-net" leases, which require the tenants to pay all property-related expenses. Our senior living operations segment consists of investments in seniors housing communities located in the United States and Canada for which we engage independent third parties, such as Sunrise and Atria, to manage the operations. Our MOB operations segment primarily consists of acquiring, owning, developing, leasing and managing MOBs. Information provided for "all other" includes revenues such as income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to our three reportable business segments. Assets included in all other consist primarily of corporate assets, including cash, restricted cash, deferred financing costs, notes receivable and miscellaneous accounts receivable.

With the addition of the Lillibridge businesses and properties in July 2010, we believed the segregation of our MOB operations into its own reportable business segment would be useful in assessing the performance of this portion of our business in the same way that management reviews our performance and makes operating decisions. Prior to the acquisition, we operated through two reportable business segments: triple-net leased properties and senior living operations.

Three Months Ended June 30, 2011 and 2010

The table below shows our results of operations for the three months ended June 30, 2011 and 2010 and the effect on our income of changes in those results from period to period.

	For the Three Months Ended June 30,		Increase (Decrease) to Income	
	2011	2010	$	%
	(Dollars in thousands)			
Segment NOI:				
Triple-Net Leased Properties	$ 120,129	$ 117,386	$ 2,743	2.3%
Senior Living Operations	65,743	38,808	26,935	69.4
MOB Operations	17,348	8,116	9,232	> 100
All Other	8,391	3,705	4,686	> 100
Total segment NOI	211,611	168,015	43,596	25.9
Interest and other income	78	122	(44)	(36.1)
Interest expense	(53,732)	(43,840)	(9,892)	(22.6)
Depreciation and amortization	(80,755)	(50,040)	(30,715)	(61.4)
General, administrative and professional fees	(15,554)	(9,858)	(5,696)	(57.8)
Loss on extinguishment of debt	(6)	(6,549)	6,543	99.9
Merger-related expenses and deal costs	(55,807)	(4,207)	(51,600)	(> 100)
Other	7,773	(121)	7,894	> 100
Income before loss from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	13,608	53,522	(39,914)	(74.6)
Loss from unconsolidated entities	(83)	—	(83)	nm
Income tax benefit (expense)	6,209	(409)	6,618	> 100
Income from continuing operations	19,734	53,113	(33,379)	(62.8)
Discontinued operations	—	5,852	(5,852)	(100.0)
Net income	19,734	58,965	(39,231)	(66.5)
Net income attributable to noncontrolling interest, net of tax	58	898	840	93.5
Net income attributable to common stockholders	$ 19,676	$ 58,067	$ (38,391)	(66.1)%

nm — not meaningful

Segment NOI – Triple-Net Leased Properties

NOI for our triple-net leased properties reportable segment consists solely of rental income earned from these assets. We incur no direct operating expenses for this segment.

The increase in our triple-net leased properties reportable segment NOI for the three months ended June 30, 2011 over the same period in 2010 primarily reflects $1.6 million of additional rent resulting from the annual escalators in the rent paid under our four master lease agreements with Kindred (the “Kindred Master Leases”) effective May 1, 2011 and various escalations in the rent paid on our other existing triple-net leased properties.

Revenues related to our triple-net leased properties reportable segment consist of fixed rental amounts (subject to annual escalations) received directly from our tenants based on the terms of the applicable leases and generally do not depend on the operating performance of our properties. Therefore, while occupancy information is relevant to the operations of our tenants, our revenues and financial results are not directly impacted by the overall occupancy levels or profits at the triple-net leased properties. Average occupancy rates related to triple-net leased properties we owned at June 30, 2011, for the first quarter of 2011, which is the most recent information available to us from our tenants, are shown below.

	Number of Properties at June 30, 2011	Average Occupancy For the Three Months Ended March 31, 2011
Skilled Nursing Facilities	187	87.8%
Seniors Housing Communities	158	89.3%
Hospitals	40	59.6%

Segment NOI – Senior Living Operations

A summary of our senior living operations reportable segment NOI is as follows:

	For the Three Months Ended June 30,		Increase (Decrease) to Income	
	2011	2010	$	%
	(Dollars in thousands)			
Segment NOI — Senior Living Operations:				
Total revenues	$ 202,482	$ 109,867	$ 92,615	84.3%
Less:				
Property-level operating expenses	(136,739)	(71,059)	(65,680)	(92.4)
Segment NOI	$ 65,743	$ 38,808	$ 26,935	69.4%

Revenues related to our senior living operations reportable segment are resident fees and services, which include all amounts earned from residents at our seniors housing communities, such as rental fees related to resident leases, extended health care fees and other ancillary service income. The increase in senior living operations reportable segment revenues for the three months ended June 30, 2011 over the same period in 2010 is attributed primarily to our Atria Senior Living acquisition, an increase in average daily rates and a decrease in the average Canadian dollar exchange rate. Average occupancy rates related to our senior living operations reportable segment during the three months ended June 30, 2011 and 2010 were as follows:

	Number of Properties at June 30,		Average Occupancy For the Three Months Ended June 30,	
	2011	2010	2011 (1)	2010
Stabilized Communities	191	80	88.3%	88.5%
Lease-Up Communities	8	2	77.7%	86.5%
Total	199	82	87.9%	88.5%
Same-Store Stabilized Communities	79	79	89.2%	88.5%

(1) Occupancy related to the seniors housing communities acquired in connection with the Atria Senior Living acquisition reflects activity from May 12, 2011, the date of the acquisition, through June 30, 2011.

Property-level operating expenses related to our senior living operations reportable segment include labor, food, utility, marketing, management and other property operating costs. Property-level operating expenses increased for the three months ended June 30, 2011 over the same period in 2010 primarily due to our Atria Senior Living acquisition and a decrease in the average Canadian dollar exchange rate.

Segment NOI – MOB Operations

A summary of our MOB operations reportable segment NOI is as follows:

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	Increase (Decrease) to Income $	Increase (Decrease) to Income %
	(Dollars in thousands)			
Segment NOI — MOB Operations:				
Rental income	$ 23,758	$ 12,240	$ 11,518	94.1%
Medical office building services revenue	9,822	—	9,822	nm
Total revenues	33,580	12,240	21,340	> 100
Less:				
Property-level operating expenses	(8,278)	(4,124)	(4,154)	(> 100)
Medical office building services costs	(7,954)	—	(7,954)	nm
Segment NOI	$ 17,348	$ 8,116	$ 9,232	> 100%

nm — not meaningful

MOB operations reportable segment revenues and property-level operating expenses both increased for the three months ended June 30, 2011 over the same period in 2010 primarily due to the additional MOBs we acquired in July 2010 as part of the Lillibridge acquisition. Occupancy rates related to our MOB operations reportable segment at June 30, 2011 and 2010 were as follows:

	Number of Properties at June 30, 2011	Number of Properties at June 30, 2010	Occupancy at June 30, 2011	Occupancy at June 30, 2010
Stabilized MOBs	63	22	93.4%	94.9%
Non-Stabilized MOBs	6	4	74.7%	84.4%
Total	69	26	90.4%	92.9%
Same-Store Stabilized MOBs	22	22	92.8%	94.9%

Medical office building services revenue and costs are a direct result of the Lillibridge businesses that we acquired in July 2010.

Segment NOI – All Other

All other NOI for the three months ended June 30, 2011 and 2010 consists solely of income from loans and investments. Income from loans and investments increased for the three months ended June 30, 2011 over the same period in 2010 due primarily to a prepayment premium recognized in connection with a first mortgage loan repayment and income recognized from our senior unsecured term loan to NHP.

Interest Expense

Total interest expense, including interest allocated to discontinued operations of $0 million and $0.3 million for the three months ended June 30, 2011 and 2010, respectively, increased $9.6 million for the second quarter of 2011 over the same period in 2010. This difference is attributed primarily to a $15.6 million increase in interest due to higher loan balances and $3.2 million of interest related to capital leases we assumed as part of the Atria Senior Living acquisition, partially offset by a $9.5 million decrease in interest due to lower effective interest rates. Our effective interest rate, excluding activity related to our capital leases, was 5.5% for the three months ended June 30, 2011, compared to 6.6% for the same period in 2010. A decrease in the average Canadian dollar exchange rate had an unfavorable impact on interest expense of $0.1 million for the three months ended June 30, 2011, compared to the same period in 2010.

Depreciation and Amortization

Depreciation and amortization increased $30.7 million for the three months ended June 30, 2011 over the same period in 2010 due primarily to the properties we acquired in connection with the Atria Senior Living acquisition.

General, Administrative and Professional Fees

General, administrative and professional fees increased $5.7 million for the three months ended June 30, 2011 over the same period in 2010 due primarily to our enterprise growth.

Loss on Extinguishment of Debt

The loss on extinguishment of debt for the three months ended June 30, 2010 relates primarily to our redemption in June 2010 of all $142.7 million principal amount then outstanding of our $7\ ^{1}/_{8}$% senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. No similar significant transactions occurred during the three months ended June 30, 2011.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs for the three months ended June 30, 2011 and 2010 consisted of expenses relating to our favorable $101.6 million compensatory damages judgment against HCP, Inc. ("HCP") and subsequent cross-appeals arising out of our Sunrise Senior Living REIT acquisition, transition and integration expenses related to consummated transactions and deal costs required by GAAP to be expensed rather than capitalized into the asset value. These deal costs primarily include certain fees and expenses incurred in connection with our Lillibridge, Atria Senior Living and NHP acquisitions.

Other

Other consists primarily of the fair value adjustment on the interest rate swaps we acquired in connection with the Atria Senior Living acquisition, partially offset by other expenses.

Loss from Unconsolidated Entities

Loss from unconsolidated entities for the three months ended June 30, 2011 relates to our noncontrolling interests in joint ventures we acquired as part of the Lillibridge acquisition. Our ownership interests in these joint ventures, which comprise 58 MOBs, range between 5% and 20%.

Income Tax Expense/Benefit

Income tax benefit for the three months ended June 30, 2011 was due primarily to our Atria Senior Living acquisition.

Discontinued Operations

We had no assets classified as discontinued operations for the three months ended June 30, 2011. Discontinued operations for the three months ended June 30, 2010 includes the operations of six assets sold during 2010.

Net Income Attributable to Noncontrolling Interest, Net of Tax

Net income attributable to noncontrolling interest, net of tax for the three months ended June 30, 2011 primarily represents our partners' joint venture interests in six MOBs. Net income attributable to noncontrolling interest, net of tax for the three months ended June 30, 2010 primarily represents Sunrise's share of net income from its previous ownership interests in 60 of our seniors housing communities, which we acquired during 2010.

Six Months Ended June 30, 2011 and 2010

The table below shows our results of operations for the six months ended June 30, 2011 and 2010 and the effect on our income of changes in those results from period to period.

	For the Six Months Ended June 30,		Increase (Decrease) to Income	
	2011	**2010**	**$**	**%**
		(Dollars in thousands)		
Segment NOI:				
Triple-Net Leased Properties	$ 238,732	$ 233,719	$ 5,013	2.1%
Senior Living Operations	102,134	72,617	29,517	40.6
MOB Operations	34,329	16,103	18,226	> 100
All Other	14,476	7,322	7,154	97.7
Total segment NOI	389,671	329,761	59,910	18.2
Interest and other income	156	385	(229)	(59.5)
Interest expense	(96,290)	(87,930)	(8,360)	(9.5)
Depreciation and amortization	(132,514)	(102,354)	(30,160)	(29.5)
General, administrative and professional fees	(30,386)	(20,541)	(9,845)	(47.9)
Loss on extinguishment of debt	(16,526)	(6,549)	(9,977)	(> 100)
Merger-related expenses and deal costs	(62,256)	(6,526)	(55,730)	(> 100)
Other	7,772	(15)	7,787	> 100
Income before loss from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	59,627	106,231	(46,604)	(43.9)
Loss from unconsolidated entities	(253)	—	(253)	nm
Income tax benefit (expense)	9,406	(695)	10,101	> 100
Income from continuing operations	68,780	105,536	(36,756)	(34.8)
Discontinued operations	—	6,597	(6,597)	(100.0)
Net income	68,780	112,133	(43,353)	(38.7)
Net income attributable to noncontrolling interest, net of tax	120	1,447	1,327	91.7
Net income attributable to common stockholders	$ 68,660	$ 110,686	$ (42,026)	(38.0)%

nm — not meaningful

Segment NOI – Triple-Net Leased Properties

The increase in our triple-net leased properties reportable segment NOI for the six months ended June 30, 2011 over the same period in 2010 primarily reflects $3.2 million of additional rent resulting from the annual escalators in the rent paid under the Kindred Master Leases effective May 1, 2011 and various escalations in the rent paid on our other existing triple-net leased properties.

Segment NOI — Senior Living Operations

A summary of our senior living operations reportable segment NOI is as follows:

	For the Six Months Ended June 30,		Increase (Decrease) to Income	
	2011	2010	$	%
	(Dollars in thousands)			
Segment NOI — Senior Living Operations:				
Total revenues	$ 316,984	$ 218,353	$ 98,631	45.2%
Less:				
Property-level operating expenses	(214,850)	(145,736)	(69,114)	(47.4)
Segment NOI	$ 102,134	$ 72,617	$ 29,517	40.6%

The increase in senior living operations segment reportable revenues for the six months ended June 30, 2011 over the same period in 2010 is attributed primarily to our Atria Senior Living acquisition, an increase in average daily rates and a decrease in the average Canadian dollar exchange rate. Average occupancy rates related to our senior living operations reportable segment during the six months ended June 30, 2011 and 2010 were as follows:

	Number of Properties at June 30,		Average Occupancy For the Six Months Ended June 30,	
	2011	2010	2011 (1)	2010
Stabilized Communities	191	80	88.8%	88.5%
Lease-Up Communities	8	2	74.7%	85.8%
Total	199	82	88.3%	88.4%
Same-Store Stabilized Communities	79	79	89.4%	88.5%

(1) Occupancy related to the seniors housing communities acquired in connection with the Atria Senior Living acquisition reflects activity from May 12, 2011, the date of the acquisition, through June 30, 2011.

Property-level operating expenses increased for the six months ended June 30, 2011 over the same period in 2010 primarily due to our Atria Senior Living acquisition and a decrease in the average Canadian dollar exchange rate.

Segment NOI — MOB Operations

A summary of our MOB operations reportable segment NOI is as follows:

	For the Six Months Ended June 30,		Increase (Decrease) to Income	
	2011	2010	$	%
	(Dollars in thousands)			
Segment NOI — MOB Operations:				
Rental income	$ 47,994	$ 24,429	$ 23,565	96.5%
Medical office building services revenue	16,779	—	16,779	nm
Total revenues	64,773	24,429	40,344	> 100
Less:				
Property-level operating expenses	(16,954)	(8,326)	(8,628)	(> 100)
Medical office building services costs	(13,490)	—	(13,490)	nm
Segment NOI	$ 34,329	$ 16,103	$ 18,226	> 100%

nm — not meaningful

MOB operations reportable segment revenues and property-level operating expenses both increased for the six months ended June 30, 2011 over the same period in 2010 primarily due to the additional MOBs we acquired in July 2010 as part of the Lillibridge acquisition.

Medical office building services revenue and costs are a direct result of the Lillibridge businesses that we acquired in July 2010.

Segment NOI — All Other

All other NOI for the six months ended June 30, 2011 and 2010 consists solely of income from loans and investments. Income from loans and investments increased for the six months ended June 30, 2011 over the same period in 2010 due primarily to gains recorded related to the sale of marketable debt securities, prepayment premiums recognized in connection with loan repayments and income recognized from our senior unsecured term loan to NHP.

Interest Expense

Total interest expense, including interest allocated to discontinued operations of $0 million and $0.7 million for the six months ended June 30, 2011 and 2010, respectively, increased $7.7 million for the six months ended June 30, 2011 over the same period in 2010. This difference is attributed primarily to a $16.9 million increase in interest due to higher loan balances and $3.2 million of interest related to the capital leases we assumed as part of the Atria Senior Living acquisition, partially offset by a $12.8 million decrease in interest due to lower effective interest rates. Our effective interest rate, excluding activity related to our capital leases, was 5.7% for the six months ended June 30, 2011, compared to 6.6% for the same period in 2010. A decrease in the average Canadian dollar exchange rate had an unfavorable impact on interest expense of $0.2 million for the six months ended June 30, 2011, compared to the same period in 2010.

Depreciation and Amortization

Depreciation and amortization increased $30.2 million for the six months ended June 30, 2011 over the same period in 2010 due primarily to our Atria Senior Living acquisition.

General, Administrative and Professional Fees

General, administrative and professional fees increased $9.8 million for the six months ended June 30, 2011 over the same period in 2010 due primarily to our enterprise growth.

Loss on Extinguishment of Debt

The loss on extinguishment of debt for the six months ended June 30, 2011 relates primarily to our early repayment of $307.2 million principal amount of existing mortgage debt in February 2011. The loss on extinguishment of debt for the six months ended June 30, 2010 relates primarily to our redemption in June 2010 of all $142.7 million principal amount then outstanding of our 7?% senior notes due 2015, at a redemption price equal to 103.56% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs for the six months ended June 30, 2011 and 2010 consisted of expenses relating to our favorable $101.6 million compensatory damages judgment against HCP and subsequent cross-appeals arising out of our Sunrise Senior Living REIT acquisition, transition and integration expenses related to consummated transactions and deal costs required by GAAP to be expensed rather than capitalized into the asset value. These deal costs primarily include certain fees and expenses incurred in connection with our Lillibridge, Atria Senior Living and NHP acquisitions.

Other

Other consists primarily of the fair value adjustment on the interest rate swaps we acquired in connection with the Atria Senior Living acquisition, partially offset by other expenses.

Loss from Unconsolidated Entities

Loss from unconsolidated entities for the six months ended June 30, 2011 relates to our noncontrolling interests in joint ventures we acquired as part of the Lillibridge acquisition. Our ownership interests in these joint ventures, which comprise 58 MOBs, range between 5% and 20%.

Income Tax Expense/Benefit

Income tax benefit for the six months ended June 30, 2011 was due primarily to our Atria Senior Living acquisition.

Discontinued Operations

We had no assets classified as discontinued operations for the six months ended June 30, 2011. Discontinued operations for the six months ended June 30, 2010 includes the operations of seven assets sold during 2010.

Net Income Attributable to Noncontrolling Interest, Net of Tax

Net income attributable to noncontrolling interest, net of tax for the six months ended June 30, 2011 primarily represents our partners' joint venture interests in six MOBs. Net income attributable to noncontrolling interest, net of tax for the six months ended June 30, 2010 primarily represents Sunrise's share of net income from its previous ownership interests in 60 of our seniors housing communities, which we acquired during 2010.

Non-GAAP Financial Measures

We believe that net income, as defined by GAAP, is the most appropriate earnings measurement. However, we consider certain non-GAAP financial measures to be useful supplemental measures of our operating performance. A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. Set forth below are descriptions of the non-GAAP financial measures we consider relevant to our business and useful to investors, as well as reconciliations of these measures to our most directly comparable GAAP financial measures.

The non-GAAP financial measures we present herein are not necessarily identical to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. These measures should not be considered as alternatives to net income (determined in accordance with GAAP) as indicators of our financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of our liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. We believe that in order to facilitate a clear understanding of our consolidated historical operating results, these measures should be examined in conjunction with net income as presented in our Consolidated Financial Statements and data included elsewhere in this Quarterly Report on Form 10-Q.

Funds From Operations and Normalized Funds From Operations

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values, instead, have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. To overcome this problem, we consider Funds From Operations (“FFO”) and normalized FFO appropriate measures of operating performance of an equity REIT. Moreover, we believe that normalized FFO provides useful information because it allows investors, analysts and our management to compare our operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences caused by unanticipated items. We use the National Association of Real Estate Investment Trusts (“NAREIT”) definition of FFO. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of real estate property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. We define normalized FFO as FFO excluding the following income and expense items (which may be recurring in nature): (a) gains and losses on the sales of real property assets; (b) merger-related costs and expenses, including amortization of intangibles and transition and integration expenses, and deal costs and expenses, including expenses and recoveries, if any, relating to our lawsuit against HCP, Inc. and the issuance of preferred stock or bridge loan fees; (c) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts, make-whole payments, penalties or premiums incurred as a result of early debt retirement or payment of our debt; (d) the non-cash effect of income tax benefits or expenses; (e) the impact of future unannounced acquisitions or divestitures (including pursuant to tenant options to purchase) and capital transactions; (f) the reversal or incurrence of contingent consideration and liabilities; and (g) gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of interest rate swaps.

Our FFO and normalized FFO for the three and six months ended June 30, 2011 and 2010 are summarized in the following table.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Net income attributable to common stockholders	$ 19,676	$ 58,067	$ 68,660	$ 110,686
Adjustments:				
Real estate depreciation and amortization	80,172	49,787	131,345	101,872
Real estate depreciation related to noncontrolling interest	(210)	(1,680)	(414)	(3,406)
Real estate depreciation related to unconsolidated entities	931	—	1,966	—
Discontinued operations:				
Gain on sale of real estate assets	—	(5,041)	—	(5,225)
Depreciation on real estate assets	—	145	—	368
FFO	100,569	101,278	201,557	204,295
Adjustments:				
Income tax benefit	(6,209)	(150)	(9,406)	(283)
Loss on extinguishment of debt	6	6,549	16,526	6,549
Merger-related expenses and deal costs	55,807	4,207	62,256	6,526
Amortization of other intangibles	255	—	511	—
Change in fair value of interest rate swaps	(8,887)	—	(8,887)	—
Normalized FFO	$ 141,541	$ 111,884	$ 262,557	$ 217,087

Adjusted EBITDA

We consider Adjusted EBITDA an important supplemental measure to net income because it provides additional information with which to evaluate the performance of our operations and serves as another indication of our ability to service debt. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding merger-related expenses and deal costs, gains or losses on sales of real property assets and changes in the fair value of interest rate swaps (including amounts in discontinued operations). The following is a reconciliation of Adjusted EBITDA to net income (including amounts in discontinued operations) for the three and six months ended June 30, 2011 and 2010:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Net income	$ 19,734	$ 58,965	$ 68,780	$ 112,133
Adjustments:				
Interest	53,732	44,172	96,290	88,631
Loss on extinguishment of debt	6	6,549	16,526	6,549
Taxes (including amounts in general, administrative and professional fees)	(5,892)	659	(8,821)	1,195
Depreciation and amortization	80,755	50,185	132,514	102,722
Non-cash stock-based compensation expense	4,352	3,057	8,368	6,089
Merger-related expenses and deal costs	55,807	4,207	62,256	6,526
Gain on sale of real property assets	—	(5,041)	—	(5,225)
Change in fair value of interest rate swaps	(8,887)	—	(8,887)	—
Adjusted EBITDA	$ 199,607	$ 162,753	$ 367,026	$ 318,620

NOI

We consider NOI an important supplemental measure to net income because it allows investors, analysts and our management to measure unlevered property-level operating results and to compare our operating results to the operating results of other real estate companies and between periods on a consistent basis. We define NOI as total revenues, excluding interest and other income, less property-level operating expenses and medical office building services costs (including amounts in discontinued operations). The following is a reconciliation of NOI to total revenues (including amounts in discontinued operations) for the three and six months ended June 30, 2011 and 2010:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
	(In thousands)			
Total revenues	$ 364,660	$ 243,320	$ 635,121	$ 484,208
Less:				
Interest and other income	78	122	156	385
Property-level operating expenses	145,017	75,183	231,804	154,062
Medical office building services costs	7,954	—	13,490	—
NOI (excluding amounts in discontinued operations)	211,611	168,015	389,671	329,761
Discontinued operations	—	1,063	—	2,216
NOI (including amounts in discontinued operations)	$ 211,611	$ 169,078	$ 389,671	$ 331,977

Liquidity and Capital Resources

During the six months ended June 30, 2011, our principal sources of liquidity were proceeds from the issuance of debt and equity securities, cash flows from operations, proceeds from our loans receivable and marketable securities portfolios and cash on hand. For the remainder of 2011, our principal liquidity needs are to: (i) fund normal operating expenses; (ii) meet our debt service requirements; (iii) repay maturing mortgage and other debt, including our convertible notes due November 15, 2011; (iv) fund capital expenditures for our senior living operations and MOB operations reportable segments; (v) fund acquisitions, investments and/or commitments and any development activities; and (vi) make distributions to our stockholders, as required for us to continue to qualify as a REIT. We funded the Atria Senior Living transaction, including deal costs, through the issuance of 24.96 million shares of our common stock, cash on hand, borrowings under our unsecured revolving credit facilities and assumed mortgage financing. We funded the NHP transaction, including deal costs, through the issuance of 99.8 million shares of our common stock, cash on hand, borrowings under our unsecured revolving credit facilities and the assumption of debt. We believe that our other liquidity needs will be satisfied by cash flows from operations, cash on hand, debt assumptions and financings, issuance of equity securities, proceeds from sales of assets and borrowings under our unsecured revolving credit facilities. However, if these sources of capital are not available and/or if we make a significant amount of acquisitions and investments, we may be required to obtain funding from additional borrowings, assume existing debt from the seller, dispose of assets (in whole or in part through joint venture arrangements with third parties) and/or issue secured or unsecured long-term debt or other securities.

As of June 30, 2011, we had a total of $26.7 million of unrestricted cash and cash equivalents, operating cash and cash related to our senior living operations and MOB operations reportable segments that is deposited and held in property-level accounts. Funds maintained in the property-level accounts are used primarily for the payment of property-level expenses and certain capital expenditures. At June 30, 2011, we also had escrow deposits and restricted cash of $64.3 million and $851.2 million of unused borrowing capacity available under our unsecured revolving credit facilities.

Unsecured Revolving Credit Facilities and Term Loan

At June 30, 2011, we had $1.0 billion of aggregate borrowing capacity under our unsecured revolving credit facilities, all of which matures on April 26, 2012. Borrowings under our unsecured revolving credit facilities bear interest at a fluctuating rate per annum (based on U.S. or Canadian LIBOR, the Canadian Bankers' Acceptance rate, or the U.S. or Canadian Prime rate), plus an applicable percentage based on our consolidated leverage. At June 30, 2011, the applicable percentage was 2.30%. Our unsecured revolving credit facilities also have a 20 basis point facility fee.

In connection with the NHP acquisition, we acquired additional liquidity from an $800.0 million senior unsecured term loan previously extended to NHP. At our option, borrowings under the term loan, which are available from time to time on a non-revolving basis, bear interest at the applicable LIBOR plus 1.50% (1.69% at June 30, 2011) or the "Alternate Base Rate" plus 0.50% (3.75% at June 30, 2011). We pay a facility fee of 0.10% per annum on the unused commitments under the term loan agreement. Borrowings under the term loan mature on June 1, 2012. As of the date of this filing, there was approximately $250.0 million of borrowings outstanding under the term loan, and we were in compliance with all covenants under the term loan.

Mortgages

We assumed mortgage debt of $1.2 billion and $0.4 billion, respectively, in connection with the Atria Senior Living and NHP acquisitions.

In February 2011, we repaid in full mortgage loans outstanding in the aggregate principal amount of $307.2 million and recognized a loss on extinguishment of debt of $16.5 million in connection with this repayment during the first quarter of 2011.

Equity Offerings

In February 2011, we completed the sale of 5,563,000 shares of our common stock in an underwritten public offering pursuant to our existing shelf registration statement. We received $300.0 million in aggregate proceeds from the sale, which we used to repay existing mortgage debt and for working capital and other general corporate purposes.

On May 19, 2011, we filed a shelf registration statement relating to the resale by the selling stockholders of the shares of our common stock issued as partial consideration for the Atria Senior Living acquisition.

Senior Notes

In May 2011, we issued and sold $700.0 million aggregate principal amount of 4.750% senior notes due 2021, at a public offering price equal to 99.132% of par for total proceeds of $693.9 million, before the underwriting discount and expenses. We used a portion of the proceeds from the issuance to fund a senior unsecured term loan to NHP in the aggregate principal amount of $600.0 million, bearing interest at a fixed rate of 5.0% per annum and maturing in 2021.

In July 2011, we redeemed $200.0 million principal amount of our outstanding 6 $^1/_2$% senior notes due 2016, at a redemption price equal to 103.25% of par, plus accrued and unpaid interest to the redemption date, pursuant to the call option contained in the indenture governing the notes. As a result, we paid a total of approximately $206.5 million, plus accrued and unpaid interest, on the redemption date and expect to recognize a loss on extinguishment of debt of $8.7 million during the third quarter of 2011.

As a result of the NHP acquisition, we assumed approximately $991.7 million aggregate principal amount of outstanding unsecured senior notes. On July 15, 2011, we repaid in full, at par, $339.0 million principal amount then outstanding of NHP's 6.50% senior notes due 2011 upon maturity. The remaining NHP senior notes outstanding bear interest at fixed rates ranging from 6.00% to 8.25% per annum and have maturity dates ranging between July 1, 2012 and July 7, 2038, subject in certain cases to earlier repayment at the option of the holder.

Cash Flows

The following is a summary of our sources and uses of cash flows for the six months ended June 30, 2011 and 2010:

	For the Six Months Ended June 30,		Change	
	2011	2010	$	%
	(Dollars in thousands)			
Cash and cash equivalents at beginning of period	$ 21,812	$ 107,397	$ (85,585)	79.7%
Net cash provided by operating activities	186,300	207,717	(21,417)	10.3
Net cash used in investing activities	(744,606)	(21,437)	(723,169)	> 100
Net cash provided by (used in) financing activities	563,095	(265,835)	828,930	> 100
Effect of foreign currency translation on cash and cash equivalents	101	(48)	149	> 100
Cash and cash equivalents at end of period	$ 26,702	$ 27,794	$ (1,092)	3.9%

Cash Flows from Operating Activities

Cash flows from operating activities decreased during the six months ended June 30, 2011 over the same period in 2010 primarily due to higher merger-related expenses and deal costs and interest expense, partially offset by higher NOI from our senior living and MOB operations.

Cash Flows from Investing Activities

Cash used in investing activities during the six months ended June 30, 2011 and 2010 consisted primarily of our investments in real estate ($264.5 million and $22.9 million in 2011 and 2010, respectively), purchase of noncontrolling interests ($3.3 million in 2011), investments in loans receivable ($612.9 million and $15.8 million in 2011 and 2010, respectively) and capital expenditures ($19.2 million and $7.1 million in 2011 and 2010, respectively). These uses were offset by proceeds from real estate disposals ($23.0 million in 2010), proceeds from loans receivable ($132.4 million and $1.3 million in 2011 and 2010, respectively) and proceeds from the sale of marketable debt securities ($23.1 million in 2011).

Cash Flows from Financing Activities

Cash provided by financing activities during the six months ended June 30, 2011 consisted primarily of $99.5 million of net borrowings under our unsecured revolving credit facilities, $704.1 million of proceeds from the issuance of debt and $299.9 million of net proceeds from the issuance of common stock. These cash inflows were partially offset by $337.4 million of debt repayments and $201.9 million of cash dividend payments to common stockholders.

Cash used in financing activities during the six months ended June 30, 2010 consisted primarily of $215.2 million of debt repayments, $167.8 million of cash dividend payments to common stockholders, $4.3 million of distributions to noncontrolling interests and $1.8 million of payments for deferred financing costs. These uses were partially offset by $117.3 million of net borrowings under our unsecured revolving credit facilities.

Capital Expenditures

Our tenants generally bear the responsibility of maintaining and improving our triple-net leased properties. Accordingly, we do not expect to incur any major capital expenditures in connection with these properties. After the terms of the triple-net leases expire, or in the event that the tenants are unable or unwilling to meet their obligations under those leases, we anticipate funding any capital expenditures for which we may become responsible by cash flows from operations or through additional borrowings. With respect to our senior living operations and MOB operations reportable segments, we expect that capital expenditures will be funded by the cash flows from the properties or through additional borrowings. To the extent that unanticipated expenditures or significant borrowings are required, our liquidity may be affected adversely. Our ability to borrow additional funds may be restricted in certain circumstances by the terms of the instruments governing our outstanding indebtedness.

Contractual Obligations

The following table summarizes the effect that minimum debt (which includes principal and interest payments) and other material noncancelable commitments are expected to have on our cash flow in future periods as of June 30, 2011:

	Total	Less than 1 year (5)	1-3 years (6)	3-5 years (7)	More than 5 years (8)
			(In thousands)		
Long-term debt obligations (1)(2)	$ 6,087,876	$ 941,931	$ 1,096,090	$ 1,399,207	$ 2,650,648
Capital lease obligations (3)	215,785	9,410	19,146	19,653	167,576
Acquisition commitments (4)	122,000	122,000	—	—	—
Operating and ground lease obligations	259,893	15,379	24,005	19,546	200,963
Total	$ 6,685,554	$ 1,088,720	$ 1,139,241	$ 1,438,406	$ 3,019,187

(1) Amounts represent contractual amounts due, including interest.

(2) Interest on variable rate debt was based on forward rates obtained as of June 30, 2011.

(3) Excludes capital leases with NHP, which are being eliminated in consolidation beginning July 1, 2011, the effective date of the NHP acquisition.

(4) Represents our commitments for the acquisitions of two seniors housing communities.

(5) Includes $230.0 million outstanding principal amount of our 3 7/8% convertible senior notes due 2011, $200.0 million outstanding principal amount of our 6 1/2% senior notes due 2016 that were redeemed in July 2011, $139.5 million of borrowings outstanding under our unsecured revolving credit facilities that mature in 2012, and $82.4 million outstanding principal amount of our 9% senior notes due 2012.

(6) Includes $200.0 million of borrowings under our unsecured term loan due 2013.

(7) Includes $400.0 million outstanding principal amount of our 3.125% senior notes due 2015 and the remaining $200.0 million outstanding principal amount of our 6 1/2% senior notes due 2016.

(8) Includes $225.0 million outstanding principal amount of our 6 3/4% senior notes due 2017 and $700.0 million outstanding principal amount of our 4.750% senior notes due 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion of our exposure to various market risks contains forward-looking statements that involve risks and uncertainties. These projected results have been prepared utilizing certain assumptions considered reasonable in light of information currently available to us. Nevertheless, because of the inherent unpredictability of interest rates as well as other factors, actual results could differ materially from those projected in such forward-looking information.

We are exposed to market risk related to changes in interest rates on borrowings under our unsecured revolving credit facilities, certain of our mortgage loans that are floating rate obligations, mortgage loans receivable and marketable debt securities. These market risks result primarily from changes in U.S. or Canadian LIBOR rates, the Canadian Bankers' Acceptance rate or the U.S. or Canadian Prime rates. We continuously monitor our level of floating rate debt with respect to total debt and other factors, including our assessment of the current and future economic environment.

Interest rate fluctuations generally do not affect our fixed rate debt obligations until they mature. However, changes in interest rates affect the fair value of our fixed rate debt. If interest rates have risen at the time our fixed rate debt matures or is refinanced, our future earnings and cash flows could be adversely affected by the additional borrowing costs. Conversely, lower interest rates at the time of maturity or refinancing may lower our overall borrowing costs.

To highlight the sensitivity of our fixed rate debt to changes in interest rates, the following summary shows the effects of a hypothetical instantaneous change of 100 basis points ("BPS") in interest rates as of June 30, 2011 and December 31, 2010:

	As of June 30, 2011	As of December 31, 2010
	(In thousands)	
Gross book value	$ 4,278,463	$ 2,771,696
Fair value [(1)]	4,269,879	2,900,143
Fair value reflecting change in interest rates: [(1)]		
-100 BPS	4,470,769	3,008,630
+100 BPS	4,082,956	2,794,140

(1) The change in fair value of fixed rate debt was due primarily to overall changes in interest rates and the assumption of debt in connection with the Atria Senior Living acquisition.

The table below sets forth certain information with respect to our debt, excluding premiums, discounts and capital lease obligations.

	As of June 30, 2011	As of December 31, 2010	As of June 30, 2010
		(Dollars in thousands)	
Balance:			
Fixed rate:			
Senior notes and other	$ 2,237,433	$ 1,537,433	$ 1,009,087
Mortgage loans and other	1,873,164	1,234,263	1,307,513
Variable rate:			
Unsecured revolving credit facilities	139,500	40,000	126,269
Mortgage loans and other	371,277	115,258	166,774
Total	$ 4,621,374	$ 2,926,954	$ 2,609,643
Percent of total debt:			
Fixed rate:			
Senior notes and other	48.4%	52.5%	38.7%
Mortgage loans and other	40.6%	42.2%	50.1%
Variable rate:			
Unsecured revolving credit facilities	3.0%	1.4%	4.8%
Mortgage loans and other	8.0%	3.9%	6.4%
Total	100.0%	100.0%	100.0%
Weighted average interest rate at end of period:			
Fixed rate:			
Senior notes and other	5.0%	5.1%	6.2%
Mortgage loans and other	6.2%	6.2%	6.3%
Variable rate:			
Unsecured revolving credit facilities	2.5%	3.1%	3.2%
Mortgage loans and other	2.0%	1.5%	1.7%
Total	5.2%	5.4%	5.8%

The variable rate debt in the table above reflects, in part, the effect of $167.9 million notional amount of interest rate swaps with a maturity of February 1, 2013 that effectively convert fixed rate debt to variable rate debt. The increase in our outstanding variable rate debt from December 31, 2010 is primarily attributable to debt assumed in connection with the Atria Senior Living acquisition and borrowings under our unsecured revolving credit facilities. Pursuant to the terms of certain leases with one of our tenants, if interest rates increase on certain variable rate debt that we have totaling $80.0 million as of June 30, 2011, our tenant is required to pay us additional rent (on a dollar-for-dollar basis) in an amount equal to the increase in interest expense resulting from the increased interest rates. Therefore, the increase in interest expense related to this debt is equally offset by an increase in additional rent due to us from the tenant. Assuming a 100 basis point increase in the weighted average interest rate related to our variable rate debt, and assuming no change in the outstanding balance as of June 30, 2011, interest expense for 2011 would increase by approximately $4.9 million, or $0.03 per diluted common share. The fair value of our fixed and variable rate debt is based on current interest rates at which we could obtain similar borrowings.

We earn interest from investments in marketable debt securities on a fixed rate basis. We record these investments as available-for-sale at fair value, with unrealized gains and losses recorded as a component of stockholders' equity. Interest rate fluctuations and market conditions will cause the fair value of these investments to change. As of June 30, 2011 and December 31, 2010, the fair value of our marketable debt securities held at June 30, 2011, which had an original cost of $37.8 million, was $43.8 million and $43.4 million, respectively. In January and March 2011, we sold marketable debt securities and received proceeds of approximately $10.6 million and $12.5 million, respectively. As of June 30, 2011, the fair value of our loans receivable was $635.1 million and was based on our estimates of currently prevailing rates for comparable loans.

We are subject to fluctuations in U.S. and Canadian exchange rates which may, from time to time, have an impact on our financial condition and results of operations. Increases or decreases in the value of the Canadian dollar will impact the amount of net income we earn from our senior living operations in Canada. Based on results for the six months ended June 30, 2011, if the Canadian dollar exchange rate were to increase or decrease by $0.10, our results from operations would decrease or increase, as applicable, by approximately $0.1 million for the six-month period. If we increase our international presence through investments in, and/or acquisitions or development of, seniors housing and/or healthcare assets outside the United States, we may also decide to transact additional business in currencies other than U.S. or Canadian dollars. Although we may decide to pursue hedging alternatives (including additional borrowings in local currencies) to protect against foreign currency fluctuations, we cannot assure you that any such fluctuations will not have a Material Adverse Effect on us.

We may engage in hedging strategies to manage our exposure to market risks in the future, depending on an analysis of the interest rate and foreign currency exchange rate environments and the costs and risks of such strategies. We do not use derivative financial instruments for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2011. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of June 30, 2011, at the reasonable assurance level.

Internal Control Over Financial Reporting

In May 2011, we acquired substantially all of the real estate assets and working capital of privately-owned Atria Senior Living. As a result of the transaction, we added to our senior living operating portfolio 117 private pay seniors housing communities and one development land parcel. During the initial transition period following this acquisition, which will include the remainder of 2011, we believe we have implemented adequate procedures and controls to ensure that the financial information of these properties is materially correct and properly reflected in our Consolidated Financial Statements. However, we cannot provide absolute assurance that such information is materially correct in all respects.

Except as described above, during the second quarter of 2011, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information contained in “Note 10—Litigation” of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1. Except as set forth therein, there have been no new material legal proceedings and no material developments in the legal proceedings reported in our Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 1A. RISK FACTORS

The following risk factors reflect certain modifications of, or additions to, the risk factors continued in our Annual Report on Form 10-K for the year ended December 31, 2010 primarily as a result of our Atria Senior Living and NHP acquisitions.

The properties managed by Sunrise and Atria account for a significant portion of our revenues and operating income; Although Sunrise and Atria are managers, not tenants, in our properties, adverse developments in their business and affairs or financial condition could have a Material Adverse Effect on us.

As of June 30, 2011, Sunrise and Atria, collectively, managed 196 of our seniors housing communities pursuant to long-term management agreements. These properties represent a substantial portion of our portfolio, based on their gross book value, and account for a significant portion of our total revenues and operating income. Although we have various rights as owner under the Sunrise and Atria management agreements, we rely on Sunrise’s and Atria’s personnel, good faith, expertise, historical performance, technical resources and information systems, proprietary information and judgment to manage our seniors housing communities efficiently and effectively. We also rely on Sunrise and Atria to set resident fees, to provide accurate property-level financial results for our properties in a timely manner and to otherwise operate those properties in accordance with the terms of our management agreements and in compliance with all applicable laws and regulations. For example, we depend on Sunrise’s and Atria’s ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our seniors housing communities. A shortage of nurses or other trained personnel or general inflationary pressures may force Sunrise or Atria to enhance its pay and benefits package to compete effectively for such personnel, and Sunrise or Atria may not be able to offset such added costs by increasing the rates charged to residents. Any increase in labor costs and other property operating expenses, any failure by Sunrise or Atria to attract and retain qualified personnel, or changes in Sunrise’s or Atria’s senior management could adversely affect the income we receive from our seniors housing communities and have a Material Adverse Effect on us.

Because Sunrise and Atria do not lease properties from us, we are not directly exposed to their credit risk. However, any adverse developments in Sunrise’s or Atria’s business and affairs or financial condition could impair their ability to manage our properties efficiently and effectively and could have a Material Adverse Effect on us. If Sunrise or Atria experiences any significant financial, legal, accounting or regulatory difficulties due to the weakened economy or otherwise, such difficulties could result in, among other adverse events, acceleration of its indebtedness, impairment of its continued access to capital, the enforcement of default remedies by its counterparties, or the commencement of insolvency proceedings by or against it under the U.S. Bankruptcy Code, any one or a combination of which indirectly could have a Material Adverse Effect on us.

The acquisition of NHP presents certain risks to our business and operations.

In July 2011, we acquired NHP in a stock-for-stock transaction. Pursuant to the terms and subject to the conditions set forth in the agreement and plan of merger dated as of February 27, 2011, at the effective time of the merger, each outstanding share of NHP common stock (other than shares owned by us or any of our subsidiaries or any wholly owned subsidiary of NHP) was converted into the right to receive 0.7866 shares of our common stock, with cash paid in lieu of fractional shares.

The NHP acquisition presents certain risks to our business and operations, including, among other things, that:

- we may be unable to successfully integrate our business and NHP’s business and realize the anticipated benefits of the merger or do so within the anticipated timeframe;
- we may not be able to effectively manage our expanded operations;
- changes to the composition of our board of directors made upon completion of the merger may affect future decisions relating to our company;
- we may be unable to retain key employees;
- the market price of our common stock may decline; and
- we may be unable to continue paying dividends at the current rate.

We cannot assure you that we will be able to integrate NHP’s business without encountering difficulties or that any such difficulties will not have a Material Adverse Effect on us.

The weakened economy could adversely impact our operating income and earnings, as well as the results of operations of our tenants and operators, which could impair their ability to meet their obligations to us.

Continued concerns about the U.S. economy and the systemic impact of high unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a severely distressed real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect our ability to generate revenues and/or increase our costs in our senior living and MOB operations, thereby reducing our operating income and earnings. It could also have an adverse impact on the ability of our tenants and operators to maintain occupancy and rates in our properties, which could harm their financial condition. These economic conditions could cause us to experience operating deficiencies in our senior living and MOB operations and/or cause our tenants and operators to be unable to meet their rental payments and other obligations due to us, which could have a Material Adverse Effect on us.

If the federal government's borrowing authority is not increased as needed to meet its future financial obligations or if the debt rating on U.S. government securities is downgraded, our access to and cost of capital may be adversely affected; Any legislation to address the federal government's borrowing authority or projected operating deficit could have a material adverse effect on our operators' liquidity, financial condition or results of operations.

The amount of debt that the federal government is permitted to incur (the "debt ceiling") is limited by statute and can be increased only by legislation adopted by the U.S. Congress. Prior to the passage of the Budget Control Act of 2011 (the "Budget Control Act"), the U.S. Department of the Treasury had indicated in public statements that, without an increase of the debt ceiling, the federal government would be unable to meet all of its financial commitments beginning in August 2011. Despite the legislation enacted on August 2, 2011 to lift the debt ceiling and reduce the federal government's projected operating deficit, the federal government's failure to further increase the debt ceiling as needed to meet its future financial commitments and/or a downgrade in the debt rating on U.S. government securities could lead to a weakened U.S. dollar, rising interest rates and constrained access to capital, which could materially adversely affect the U.S. and global economies, increase our costs of borrowing and have a Material Adverse Effect on us.

To implement the Budget Control Act, President Obama and members of the U.S. Congress have proposed various spending cuts and tax reform initiatives, some of which could result in changes (including substantial reductions in funding) to Medicare, Medicaid or Medicare Advantage Plans. These measures and any future federal legislation relating to the debt ceiling or deficit reduction could have a material adverse effect on our operators' liquidity, financial condition or results of operations, which could adversely affect their ability to satisfy their obligations to us and which, in turn, could have a Material Adverse Effect on us.

We are exposed to various operational risks, liabilities and claims with respect to our operating assets that may adversely affect our ability to generate revenues and/or increase our costs and could have a Material Adverse Effect on us.

We are exposed to various operational risks, liabilities and claims with respect to our operating assets, including our third-party managed seniors housing communities and our MOBs, that may adversely affect our ability to generate revenues and/or increase our costs, thereby reducing our profitability. These risks include fluctuations in occupancy levels, the inability to achieve economic resident fees (including anticipated increases in those fees), rent control regulations, increases in costs of materials, energy, labor (as a result of unionization or otherwise) and services, national and regional economic conditions, the imposition of new or increased taxes, capital expenditure requirements, professional and general liability claims and the availability and costs of professional and general liability insurance. Any one or a combination of these factors could result in operating deficiencies at our operating assets which could have a Material Adverse Effect on us.

We have only limited rights to terminate our management agreements with Sunrise and Atria, and we may be unable to replace Sunrise or Atria if our management agreements are terminated or not renewed.

We are parties to long-term management agreements with each of Sunrise and Atria pursuant to which Sunrise and Atria, collectively, provide comprehensive property management services with respect to 196 of our seniors housing communities.

Each management agreement with Sunrise has an original term of 30 years commencing as early as 2004, and each management agreement with Atria has a term of ten years, subject to successive automatic ten-year renewal periods. Each management agreement with Sunrise or Atria may be terminated by us upon the occurrence of an event of default by Sunrise or Atria, respectively, in the performance of a material covenant or term thereof (including, in certain circumstances, the revocation of any licenses or certificates necessary for operation), subject in most cases to Sunrise's or Atria's rights to cure such defaults. Each management agreement with Sunrise or Atria may also be terminated upon the occurrence of certain insolvency events relating to Sunrise or Atria, respectively. In addition, we may terminate each management agreement with Sunrise based on the failure to achieve certain net operating income targets or to comply with certain expense control covenants and each management agreement with Atria based on the failure to achieve certain net operating income targets. Under certain circumstances, we may also terminate each management agreement with Atria upon the payment of a fee. However, various legal and contractual considerations may limit or delay our exercise of any or all of these termination rights.

In the event that our management agreements with Sunrise or Atria are terminated for any reason or are not renewed upon expiration of their terms, we will have to find another manager for the properties covered by those agreements. We believe there are a number of qualified national and regional seniors care providers that would be interested in managing our seniors housing communities. However, we cannot assure you that we will be able to locate another suitable manager or, if we are successful in locating such a manager, that it will manage the properties effectively. Moreover, any such replacement manager would require approval by the applicable regulatory authority and, in most cases, the mortgage lender of the applicable property. We cannot assure you that such approvals would be granted or that, if granted, the process of seeking such approvals would not cause delay. Any inability or lengthy delay in replacing Sunrise or Atria as manager following termination or non-renewal of our management agreements could have a Material Adverse Effect on us.

Revenues from our senior living operations are dependent on private pay sources; Events which adversely affect the ability of seniors to afford our daily resident fees could cause our occupancy rates, resident fee revenues and results of operations to decline.

By and large, assisted and independent living services currently are not reimbursable under government reimbursement programs, such as Medicare and Medicaid. Hence, substantially all of the resident fee revenues generated by our senior living operations are derived from private pay sources consisting of income or assets of residents or their family members. In general, due to the expense associated with building new properties and the staffing and other costs of providing services at these properties, only seniors with income or assets meeting or exceeding the comparable median in the regions where our properties are located typically can afford to pay the daily resident and care fees. The current economic downturn and depressed housing market, as well as other events such as changes in demographics, could adversely affect the ability of seniors to afford these fees. If the managers of our seniors housing communities are unable to attract and retain seniors with sufficient income, assets or other resources required to pay the fees associated with assisted and independent living services, our occupancy rates, resident fee revenues and results of operations could decline, which, in turn, could have a Material Adverse Effect on us.

Termination of resident lease agreements could adversely affect our revenues and earnings.

Applicable regulations governing assisted living communities generally require written resident lease agreements with each resident. Most of these regulations also require that each resident have the right to terminate the resident lease agreement for any reason on reasonable notice. Consistent with these regulations, the resident lease agreements signed by the managers of our seniors housing communities generally allow residents to terminate their lease agreements on 30 days' notice. Thus, our managers cannot contract with residents to stay for longer periods of time, unlike typical apartment leasing arrangements with terms of up to one year or longer. In addition, the resident turnover rate in our seniors housing communities may be difficult to predict. If a large number of resident lease agreements terminate at or around the same time, and if our units remained unoccupied, then our revenues and earnings could be adversely affected, which, in turn, could have a Material Adverse Effect on us.

Significant legal actions could subject us or our tenants, operators and managers to increased operating costs and substantial uninsured liabilities, which could materially adversely affect our or their liquidity, financial condition and results of operation.

From time to time, we may be directly involved in lawsuits and other legal proceedings. We may also be named as defendants in lawsuits arising out of alleged actions of our tenants, operators and managers for which such tenants, operators and managers have agreed to indemnify, defend and hold us harmless from and against certain claims and liabilities. An unfavorable resolution of pending or future litigation could have a Material Adverse Effect on us.

Our tenants, operators and managers continue to experience increases in both the frequency and severity of professional liability claims. In addition to large compensatory claims, plaintiffs' attorneys continue to seek significant punitive damages and attorneys' fees. Due to the historically high frequency and severity of professional liability claims against healthcare providers, the availability of professional liability insurance has been restricted and the premiums on such insurance coverage remain very high. As a result, the insurance coverage of our tenants, operators and managers might not cover all claims against them or continue to be available to them at a reasonable cost. If our tenants, operators and managers are unable to maintain adequate insurance coverage or are required to pay punitive damages, they may be exposed to substantial liabilities.

In addition, many healthcare providers are pursuing different organizational and corporate structures coupled with self-insurance programs that provide less insurance coverage. For example, Kindred insures its professional liability risks, in part, through a wholly owned, limited purpose insurance company, which insures initial losses up to specified coverage levels per occurrence with no aggregate coverage limit. Coverage for losses in excess of those per occurrence levels is maintained through unaffiliated commercial insurance carriers up to an aggregate limit, and all claims in excess of the aggregate limit are then insured by the limited purpose insurance company. Similarly, Sunrise maintains a self-insurance program to cover its general and professional liabilities. Our tenants, operators and managers, like Kindred and Sunrise, that insure any part of their general and professional liability risks through their own captive limited purpose entities generally estimate the future cost of general and professional liability through actuarial studies that rely primarily on historical data. However, due to the rise in the number and severity of professional claims against healthcare providers, these actuarial studies may underestimate the future cost of claims, and reserves for future claims may not be adequate to cover the actual cost of those claims.

As a result, the tenants, operators and managers of our properties could incur large funded and unfunded professional liability expense, which could materially adversely affect their liquidity, financial condition and results of operations, and, in turn, their ability to make rental payments under, or otherwise comply with the terms of, their leases with us or, in the case of our senior living operations, our results of operations, which could have a Material Adverse Effect on us.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document	Location of Document
3.1	Amended and Restated Certificate of Incorporation, as amended, of Ventas, Inc.	Filed herewith.
3.2	Fourth Amended and Restated By-laws, as amended, of Ventas, Inc.	Filed herewith.
10.1	Registration Rights Agreement, dated as of May 12, 2011, by and among Ventas, Inc., Prometheus Senior Quarters LLC, Lazard Senior Housing Partners LP and LSHP Coinvestment Partnership I LP.	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on May 18, 2011.
10.2	Lockup Agreement, dated as of May 12, 2011, by and among Ventas, Inc., Prometheus Senior Quarters LLC, Lazard Senior Housing Partners LP and LSHP Coinvestment Partnership I LP.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on May 18, 2011.
10.3	Ownership Limit Waiver Agreement, dated as of May 12, 2011, by and among Ventas, Inc., Prometheus Senior Quarters LLC, Lazard Senior Housing Partners LP and LSHP Coinvestment Partnership I LP.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on May 18, 2011.
10.4	Director Appointment Agreement, dated as of May 12, 2011, by Ventas, Inc.	Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on May 18, 2011.
10.5	Loan Agreement, dated May 17, 2011, by and between Ventas Realty, Limited Partnership and Nationwide Health Properties, LLC (as successor to Nationwide Health Properties, Inc.).	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 20, 2011.
10.6	Term Loan Agreement, dated as of June 3, 2011, among Nationwide Health Properties, LLC (as successor to Nationwide Health Properties, Inc.), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on June 6, 2011.
10.7	Guaranty Agreement, dated as of July 1, 2011, among Ventas, Inc., as Guarantor, and JPMorgan Chase Bank, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on July 11, 2011.
10.8	Letter Agreement, dated as of June 30, 2011, between Ventas, Inc. and Douglas M. Pasquale.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on July 11, 2011.

Exhibit Number	Description of Document	Location of Document
10.9	Nationwide Health Properties, Inc. 2005 Performance Incentive Plan.	Incorporated by reference to Appendix B to the Proxy Statement of Nationwide Health Properties, Inc. (File No. 001-09028), filed pursuant to Section 14(a) of the Exchange Act on March 24, 2005.
10.10	First Amendment to the Nationwide Health Properties, Inc. 2005 Performance Incentive Plan, dated October 28, 2008.	Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
10.11	Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Nationwide Health Properties, Inc. (File No. 001-09028) for the quarter ended March 31, 2006.
10.12	Amendment to the Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
10.13	Amended and Restated Deferred Compensation Plan of Nationwide Health Properties, Inc., dated October 28, 2008.	Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges.	Filed herewith.
31.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
31.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
32.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
32.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
101	Interactive Data File.	Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 5, 2011

VENTAS, INC.

By: /s/ DEBRA A. CAFARO
Debra A. Cafaro
Chairman and
Chief Executive Officer

By: /s/ RICHARD A. SCHWEINHART
Richard A. Schweinhart
Executive Vice President and
Chief Financial Officer

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10.3	Ownership Limit Waiver Agreement, dated as of May 12, 2011, by and among Ventas, Inc., Prometheus Senior Quarters LLC, Lazard Senior Housing Partners LP and LSHP Coinvestment Partnership I LP.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on May 18, 2011.
10.4	Director Appointment Agreement, dated as of May 12, 2011, by Ventas, Inc.	Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on May 18, 2011.
10.5	Loan Agreement, dated May 17, 2011, by and between Ventas Realty, Limited Partnership and Nationwide Health Properties, LLC (as successor to Nationwide Health Properties, Inc.).	Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 20, 2011.
10.6	Term Loan Agreement, dated as of June 3, 2011, among Nationwide Health Properties, LLC (as successor to Nationwide Health Properties, Inc.), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on June 6, 2011.
10.7	Guaranty Agreement, dated as of July 1, 2011, among Ventas, Inc., as Guarantor, and JPMorgan Chase Bank, N.A., as Administrative Agent.	Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on July 11, 2011.
10.8	Letter Agreement, dated as of June 30, 2011, between Ventas, Inc. and Douglas M. Pasquale.	Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on July 11, 2011.

Exhibit Number	Description of Document	Location of Document
10.9	Nationwide Health Properties, Inc. 2005 Performance Incentive Plan	Incorporated by reference to Appendix B to the Proxy Statement of Nationwide Health Properties, Inc. (File No. 001-09028), filed pursuant to Section 14(a) of the Exchange Act on March 24, 2005.
10.10	First Amendment to the Nationwide Health Properties, Inc. 2005 Performance Incentive Plan, dated October 28, 2008.	Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
10.11	Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Nationwide Health Properties, Inc. (File No. 001-09028) for the quarter ended March 31, 2006.
10.12	Amendment to the Nationwide Health Properties, Inc. Retirement Plan for Directors, as amended and restated on April 20, 2006.	Incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
10.13	Amended and Restated Deferred Compensation Plan of Nationwide Health Properties, Inc., dated October 28, 2008.	Incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of Nationwide Health Properties, Inc. (File No. 001-09028), filed on November 3, 2008.
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges.	Filed herewith.
31.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
31.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
32.1	Certification of Debra A. Cafaro, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
32.2	Certification of Richard A. Schweinhart, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.	Filed herewith.
101	Interactive Data File.	Filed herewith.

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
VENTAS, INC.,
AS AMENDED *

ARTICLE I

Name

The name of the Corporation is Ventas, Inc.

ARTICLE II

Registered Office; Registered Agent

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

Purposes and Powers

The purposes for which the Corporation is organized are to engage in any lawful act or activity for which corporations may be organized under, and to exercise any power that corporations may now or hereafter exercise under, the General Corporation Law of the State of Delaware, including the general business of establishing and operating hospitals and providing acute care and specialized treatment of patients with complex medical or respiratory disorders.

ARTICLE IV

Capital Stock

The total number of shares of stock that the Corporation shall have authority to issue is 610,000,000 shares, of which 600,000,000 shall be shares of common stock, having a par value of twenty-five cents per share (the “Common Shares”), and 10,000,000 shall be shares of preferred stock, having a par value of one dollar per share (the “Preferred Shares”). The designations, voting powers and relative rights and preferences of the two classes of shares of stock shall be as set forth below.

A. Common Shares.

1. ***Powers, Rights and Preferences*** **.** The Common Shares shall be without distinction as to powers, rights and preferences, and shall have one vote per share on all matters on which shareholders are generally entitled to vote.

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* Text of Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State on May 24, 2007, as subsequently amended (i) on May 21, 2008 to eliminate the Board’s ability to grant waivers from the constructive ownership limitations in Article X and (ii) on July 1, 2011 to increase the total number of shares of stock that the Corporation has authority to issue from 310,000,000 to 610,000,000 and to increase the total number of Common Shares that the Corporation has authority to issue from 300,000,000 to 600,000,000 in Article IV.

2. ***Dividends*** **.** After the requirements regarding preferential dividends on the Preferred Shares (fixed in accordance with the provisions of paragraph B of this Article IV), if any, have been met and after the Corporation has complied with all the requirements, if any, regarding the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of paragraph B of this Article IV) and subject further to any other conditions which may be fixed in accordance with the provisions of paragraph B of this Article IV, then, but not otherwise, the holders of Common Shares shall be entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors.

3. ***Distributions*** **.** After distribution in full of the preferential amount (as may be fixed in accordance with the provisions of paragraph B of this Article IV), if any, to be distributed to the holders of Preferred Shares, and subject to any further rights of the holders of Preferred Shares (as may be fixed in accordance with the provisions of paragraph B of this Article IV) to further participate in a liquidation, distribution or sale of assets, dissolution or winding-up of the Corporation, the holders of Common Shares shall be entitled to receive, upon the liquidation, distribution or sale of assets, dissolution or winding-up of the Corporation, all its remaining assets, tangible and intangible, of whatever kind available for distribution to the shareholders, ratably in proportion to the number of Common Shares held by each.

B. Preferred Shares.

1. ***Issuance by Board Resolution; Series*** **.** The Board of Directors of the Corporation shall have authority by resolution to issue from time to time Preferred Shares on such terms as it may determine and for such consideration as fixed by the Board of Directors. The Preferred Shares may be issued in one or more series as may be determined from time to time by the Board of Directors. Each series shall be distinctly designated by number, letter or title. All Preferred Shares of any one series shall be alike in every particular, except that there may be different dates from which dividends thereon, if any, shall be cumulative, if made cumulative. The powers, preferences and relative, participating, optional and other rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

2. ***Preferences and Rights*** **.** Subject to the provisions of subparagraph 3 of this paragraph B of Article IV, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any Preferred Shares of each particular series, the designation, powers, preferences and relative, participating, optional and other rights, and the qualifications, limits and restrictions thereof, if any, of such series, including the following:

(a) The voting rights of which the holders of any series of Preferred Shares are entitled, if any, including the right to vote as a separate class or as one class with the holders of any other series of Preferred Shares or the Common Shares or both;

(b) The distinctive designation of, and the number and class of Preferred Shares which shall constitute the series, which number from time to time may be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors;

(c) The rate and times at which, and the terms and conditions upon which, dividends on the shares of the series will be paid, whether the dividends shall be cumulative or non-cumulative, and if cumulative, from what date or dates, and the preferences or relation, if any, of such dividends to the dividends payable on any shares of any other series or class of the Corporation;

(d) Whether Preferred Shares of the series shall be subject to redemption, and the redemption price or prices (including a redemption price or prices payable in Common Shares), and the time or times at which, and the terms and conditions on which, Preferred Shares of the series may be redeemed;

(e) Whether holders of any series of Preferred Shares shall be entitled to the benefit of a sinking fund or redemption or purchase account to be applied to the purchase or redemption of Preferred Shares of the series and, if so entitled, the amount of such fund and the terms and conditions relative to its operation;

(f) Whether any series of Preferred Shares shall be convertible into, or exchangeable for, any Common Shares or other series of Preferred Shares of the Corporation or any other securities and, if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and any adjustments thereof, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange;

(g) The rights, if any, of the holders of any series of Preferred Shares upon liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up of the Corporation;

(h) Whether any series of Preferred Shares shall have priority over or parity with or be junior to Preferred Shares of any other series, or shall be entitled to the benefit of limitations restricting (i) the creation of indebtedness of the Corporation, (ii) the issuance of shares of any other class or series having priority over or being on a parity with the shares of such series, or (iii) the payment of dividends on, the making of other distributions with respect to, or the purchase or redemption of shares of any other class or series on parity with or ranking junior to Preferred Shares of any such series as to dividends or distributions, and the terms of any such restrictions, or any other restrictions with respect to shares of any class or series on parity with or ranking junior to Preferred Shares of such series in any respect; and

(i) Any other powers, preferences, privileges and relative, participating, optional or other special rights of such series, and the qualifications, limitations or restrictions thereof, to the full extent now and hereafter permitted by law.

3. ***Issuance of Preferred Shares*** **.** The relative powers, preferences and rights of each series of Preferred Shares in relation to the powers, preferences and rights of other series of Preferred Shares shall, in each case, be as fixed from time to time by the Board of Directors in resolutions adopted pursuant to authority granted in this paragraph B of Article IV, and the consent by series vote or otherwise, of the holders of such of the series of Preferred Shares as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Shares, whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided , however , that the Board of Directors may provide in such resolutions regarding any series of Preferred Shares that the consent of the holders of a certain percentage, as fixed therein by the Board of Directors, of the outstanding Preferred Shares of such series shall be required for the issuance of any other series of Preferred Shares.

ARTICLE V

Directors

A. Number of Directors. The affairs of the Corporation shall be managed and conducted by a Board of Directors, and unless otherwise provided in the By-Laws, the election of directors need not be by written ballot. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the By-Laws of the Corporation. A majority of the number of directors so fixed shall constitute a quorum for the transaction of business, except that any vacancy on the Board of Directors, whether created by an increase in the number of directors or otherwise, may be filled by a majority of directors then in office, although less than a quorum, or by a sole remaining director.

B. Power and Authority of the Board of Directors. The Board of Directors shall have such powers as are conferred on the Board of Directors by the laws of the State of Delaware. In furtherance of such powers, the Board of Directors is expressly authorized to adopt, amend or repeal the By-Laws of the Corporation, without the consent or vote of the stockholders.

ARTICLE VI

Elimination of Certain Liability of Directors

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for a breach of a director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which a director derived an improper personal benefit.

ARTICLE VII

Indemnification of Directors and Officers

A. Right to Indemnification. To the fullest extent authorized by the General Corporation Law of the State of Delaware, the Corporation shall indemnify each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (“Proceeding”) because he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses, liabilities and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by him in connection with such Proceeding. The Corporation may provide, by action of its Board of Directors through agreement, resolution or by a provision in the By-Laws of the Corporation, indemnification of the Corporation’s employees and agents with substantially the scope and effect as the indemnification provided in this Article VII.

B. Advancement of Expenses. Expenses incurred by such a person in his capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such person while a director or officer) in defending a Proceeding may be paid by the Corporation in advance of the final disposition of such Proceeding as authorized by the Board of Directors in a specific case upon receipt of an undertaking by or on behalf of that person to repay such amounts unless it is ultimately determined that that person is entitled to be indemnified by the Corporation as authorized by the General Corporation Law of the State of Delaware. Expenses incurred by a person in any capacity other than as an officer or director of the Corporation may be paid in advance of the final disposition of a Proceeding on such terms and conditions, if any, as the Board of Directors deems appropriate.

C. Contract Right; Non-exclusivity of Rights.

1. ***Contract Right* .** The indemnification provided for by this Article VII shall be a contract right and shall continue as to persons who cease to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. No amendment to this Certificate of Incorporation or repeal of any Article of this Certificate of Incorporation shall increase the liability of any director or officer of the Corporation for acts or omissions of such persons occurring prior to such amendment or repeal.

2. ***Non-exclusivity of Rights* .** The right to indemnification conferred by this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to actions taken in his official capacity and in any other capacity while holding such office.

D. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, partner, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in such capacity or arising out of his status as such, whether or not the Corporation would have the power or be obligated to indemnify him against such liability under the provisions of this Article VII or the General Corporation Law of the State of Delaware.

E. Right of Claimant to Bring Suit. If a claim under paragraph A of this Article VII is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

ARTICLE VIII

Consent Actions of Stockholders

Any action required or permitted to be taken by the stockholders at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, only if a consent in writing, setting forth the actions so taken, shall be signed by the holders of at least eighty percent of all the issued and outstanding shares of stock of the Corporation entitled to vote thereon.

ARTICLE IX

Restrictions of Ownership and Transfer; Designation of Excess Shares

A. (1) ***Definitions*** **.** For the purposes of this Article IX, the following terms shall have the following meanings:

"Adoption Date" shall mean the date upon which the Corporation filed the Certificate of Amendment to the Certificate of Incorporation of the Corporation adding this Article IX with the Secretary of State of the State of Delaware.

"Beneficial Ownership" shall mean ownership of Shares by a Person who (i) would be treated as an owner of such Shares either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h) of the Code or (ii) would be treated as an owner of such Shares either directly or constructively through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Beneficial Owner," "Beneficially Own," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"Beneficiary" shall mean an organization or organizations described in Sections 170(b)(1)(A) and 170(c) of the Code and identified by the Board of Directors as the beneficiary or beneficiaries of the Trust.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Common Shares" shall mean outstanding Common Shares of the Corporation as may be authorized and issued from time to time pursuant to Article IV.

"Excess Shares" shall mean Shares resulting from an event described in Section 3 of this Article IX.

"Excess Common Shares" shall mean Common Shares that are designated as Excess Shares.

"Excess Preferred Shares" shall mean Preferred Shares that are designated as Excess Shares.

"Existing Holder" shall mean any Person who is the Beneficial Owner of Common Shares in excess of the Ownership Limit on the Adoption Date, so long as, but only so long as, such Person Beneficially Owns shares of Common Shares in excess of the Ownership Limit.

"Existing Holder Limit" for any Existing Holder shall mean, initially, the percentage of the outstanding Common Shares Beneficially Owned by such Exiting Holder on the Adoption Date, and after any adjustment pursuant to Section A.(9) of this Article IX shall mean the percentage of the outstanding Common Shares so adjusted; provided , however , that the Existing Holder Limit shall be 9.9% in number of shares or value of the outstanding Common Shares of the Corporation unless, from the Adoption Date until the Ownership Limitation Termination Date, each Existing Holder does not Beneficially Own more than 9.9%, in number of shares or value, of the outstanding shares of any class or series of capital stock of one or more Tenants (other than Vencor, Inc., a Delaware corporation formerly known as Vencor Healthcare, Inc.) if the failure of rents received or accrued, directly or indirectly, by the Corporation from such Tenant(s) to qualify as "rents from real property" for purposes of Section 856(d) of the Code, would in the judgment of the Board of Directors, cause the Corporation to fail to qualify as a REIT for federal income tax purposes.

"Market Price" shall mean the last reported sales price reported on the New York Stock Exchange of Shares of the relevant class on the trading day immediately preceding the relevant date, or if the Shares of the relevant class are not then traded on the New York Stock Exchange, the last reported sales price of Shares of the relevant class on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Shares of the relevant class may be traded, or if the Shares of the relevant class are not then traded over any exchange or quotation system, then the market price of the Shares of the relevant class on the relevant date as determined in good faith by the Board of Directors of the Corporation.

"Ownership Limit" shall mean, with respect to the Common Shares for any Person other an Existing Holder, the Beneficial Ownership of nine percent (9.0%), in number of shares or value, of the outstanding Common Shares of the Corporation, and, with respect to the Preferred Shares for any Person, the Beneficial Ownership of nine and nine-tenths percent (9.9%), in number of shares or value, of the outstanding shares of any class or series of Preferred Shares of the Corporation. The value of any outstanding Common Shares or shares of any class or series of Preferred Shares of the Corporation shall be determined by the Board of Directors of the Corporation in good faith which determination shall be conclusive for all purposes hereof.

"Ownership Limit Termination Date" shall mean the first day after the date on which the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

"Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity or any government or agency or political subdivision thereof and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended. "Person" does not include an underwriter which participates in a public offering of Shares for a period of 25 days following the purchase by such underwriter of those Shares.

"Preferred Shares" shall mean outstanding preferred shares of the Corporation as may be authorized and issued from time to time pursuant to Article IV.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer which results in Excess Shares, the purported beneficial transferee for whom the Purported Record Transferee would have acquired Shares, if such Transfer had been valid under Section A.(2) of this Article IX.

"Purported Record Transferee" shall mean, with respect to any purported Transfer which results in Excess Shares, the record holder of the Shares, if such Transfer had been valid under Section A.(2) of this Article IX.

"REIT" shall mean a real estate investment trust under Section 856 of the Code.

"REIT Election Date" shall mean January 1, 1999 or such other date on which the Corporation elects to be taxed as a REIT under the Code.

"Shares" shall mean the shares of the Corporation as may be authorized and issued from time to time pursuant to Article IV.

"Tenant" shall mean any Person that leases (or subleases) real property from the Corporation.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Shares (including (a) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Shares or (b) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Shares), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise.

"Trust" shall mean the trust created pursuant to Section C.(1) of this Article IX.

"Trustee" shall mean a Person, who shall be unaffiliated with the Corporation, any Purported Beneficial Transferee and any Purported Record Transferee, identified by the Board of Directors as the trustee of the Trust.

(2) *Restrictions on Ownership and Transfer* .

(a) Except as provided in Section A.(12) of this Article IX, from the Adoption Date and prior to the Ownership Limitation Termination Date, no Person (other than, in the case of Common Shares, an Existing Holder) shall Beneficially Own Shares of any class in excess of the Ownership Limit for such class of Shares and no Existing Holder shall Beneficially Own Common Shares in excess of the Existing Holder Limit for such Existing Holder.

(b) Except as provided in Section A.(12) of this Article IX, from the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in any Person (other than, in the case of a Transfer of Common Shares, an Existing Holder) Beneficially Owning Shares of any class in excess of the Ownership Limit with respect to Shares of such class shall be void ab initio as to the Transfer of such Shares which would be otherwise Beneficially Owned by such Person in excess of such Ownership Limit; and the intended transferee shall acquire no rights to such Shares.

(c) Except as provided in Section A.(12) of this Article IX, from the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in any Existing Holder Beneficially Owning Common Shares in excess of the applicable Existing Holder Limit shall be void ab initio as to the Transfer of such Common Shares which would be otherwise Beneficially Owned by such Existing Holder in excess of the applicable Existing Holder Limit; and such Existing Holder shall acquire no rights to such Common Shares.

(d) From the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in Shares being Beneficially Owned by less than 100 Persons (determined without referring to any rules of attribution) shall be void ab initio as to the Transfer of such Shares which would be otherwise Beneficially Owned by the transferee; and the intended transferee shall acquire no rights in such Shares.

(e) From the Adoption Date and prior to the Ownership Limitation Termination Date, any Transfer that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void ab initio as to the Transfer of the Shares which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code; and the intended transferee shall acquire no rights in such Shares.

(3) ***Designation of Excess Shares*** **.**

(a) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer such that any Person (other than, in the case of Common Shares, an Existing Holder) would Beneficially Own Shares of any class in excess of the applicable Ownership Limit with respect to such class, then, except as otherwise provided in Section A.(12) of this Article IX, such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the purported Transfer.

(b) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer such that an Existing Holder would Beneficially Own Common Shares in excess of the applicable Existing Holder Limit, then, except as otherwise provided in Section A.(12) of this Article IX, such number of Common Shares in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the purported Transfer.

(c) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer which, if effective, would cause the Corporation to become "closely held" within the meaning of Section 856(h) of the Code, then the Shares being Transferred which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the purported Transfer.

(d) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, any Person other than, with respect to Common Shares, an Existing Holder (the "Purchaser") purchases or otherwise acquires an interest in a Person which Beneficially Owns Shares (the "Purchase") and, as a result, the Purchaser would Beneficially Own Shares of any class in excess of the applicable Ownership Limit with respect to such class, then, except as provided in Section A.(12) of this Article IX, such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of Purchase. In determining which Shares are designated as Excess Shares, Shares of the relevant class Beneficially Owned by the Purchaser prior to the Purchase shall be treated as designated as Excess Shares before any Shares Beneficially Owned by the Person an interest in which is being so purchased or acquired are so treated.

(e) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, an Existing Holder purchases or otherwise acquires an interest in a Person which Beneficially Owns Shares (the “Purchase”) and, as a result, such Existing Holder would Beneficially Own Common Shares in excess of the applicable Existing Holder Limit, then, except as provided in Section A.(12) of this Article IX, such number of Common Shares in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the Purchase. In determining which Common Shares are exchanged, Common Shares Beneficially Owned by the purchasing Existing Holder prior to the Purchase shall be treated as designated as Excess Shares before any Common Shares Beneficially Owned by the Person an interest in which is being so purchased or acquired are so treated.

(f) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a redemption, repurchase, restructuring or similar transaction with respect to a Person that Beneficially Owns Shares (the “Entity”) and, as a result, a Person (other than, in the case of Common Shares, an Existing Holder) holding an interest in the Entity would Beneficially Own Shares in excess of the applicable Ownership Limit with respect to such class, then except as provided in Section A.(12) of this Article IX, such number of Shares in excess of such Ownership Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the redemption, repurchase, restructuring or similar transaction. In determining which Shares are designated as Excess Shares, Shares of the relevant class Beneficially Owned by the Entity shall be treated as designated as Excess Shares before any Shares Beneficially Owned by the Person holding an interest in Entity (independently of such Person’s interest in the Entity) are so treated.

(g) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a redemption, repurchase, restructuring or similar transaction with respect to a Person that Beneficially Owns shares of Common Shares (the “Entity”) and, as a result, an Existing Holder would Beneficially Own Common Shares in excess of the applicable Existing Holder Limit, then, except as provided in Section A.(12) of this Article IX, such number of Common Shares in excess of such Existing Holder Limit (rounded up to the nearest whole Share) shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the transfer. In determining which Common Shares are designated as Excess Shares, Common Shares Beneficially Owned by the Entity shall be treated as so designated before any Common Shares Beneficially Owned by the Existing Holder (independently of such Existing Holder’s interest in the Entity) are so treated.

(h) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limit Termination Date, an event, other than an event described in Sections A.(3)(a) through (g) of this Article IX, occurs which would, if effective, results in any Person (other than, in the case of Common Shares, an Existing Holder) Beneficially Owning Shares in excess of the applicable Ownership Limit, then, except as provided in Section A.(12) of this Article IX, the smallest number of Shares Beneficially Owned by such Person which, if designated as Excess Shares, would result in such Person’s Beneficial Ownership of Shares not being in excess of such Ownership Limit, shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the relevant event.

(i) If, notwithstanding the other provisions contained in this Article IX, at any time from the Adoption Date and prior to the Ownership Limit Termination Date, an event, other than an event described in Section A.(3)(a) through (g) of this Article IX, occurs which would, if effective, result in any Existing Holder Beneficially Owning Shares in excess of the applicable Existing Holder Limit, then, except as provided in Section A.(12) of this Article IX, the smallest number of Common Shares Beneficially Owned by such Existing Holder which, if designated as Excess Shares, would result in such Existing Holder's Beneficial Ownership of Common Shares not being in excess of such Existing Holder Limit, shall be automatically designated as Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of the relevant event.

(j) In addition, if a Person (the "nonreporting Person") does not provide all of the information required by Section A.(6) of this Article IX and, as a result, the Corporation, but for the provisions of this paragraph, would not qualify as a REIT, then, as of the day prior to the date on which such aggregate ownership would have caused the Corporation to fail to qualify as a REIT, Shares Beneficially Owned by such Person shall be automatically designated as Excess Shares to the extent necessary to prevent the Corporation from failing to qualify as a REIT.

(4) ***Remedies for Breach .*** If the Board of Directors or its designees shall at any time determine in good faith that a Transfer has taken place in violation of Section A.(2) of this Article IX or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any Shares in violation of Section A.(2) of this Article IX, the Board of Directors shall take such actions as it deems advisable to refuse to give effect or to prevent such Transfer (or any Transfer related to such intent), including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer; provided , however , that any Transfers or attempted Transfers in violation of Sections A.(2)(a) through (c) of this Article IX or Section A.(2)(e) of this Article IX shall automatically result in the designation of Excess Shares described in Section A.(3) of this Article IX, irrespective of any action (or non-action) by the Board of Directors.

(5) ***Notice of Ownership or Attempted Ownership in Violation of Section A.(2) .*** Any Person who acquires or attempts to acquire Beneficial Ownership of Shares in violation of Section A.(2) shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such acquisition or attempted acquisition on the Corporation's status (or, if prior to the REIT Election Date, expected status) as a REIT.

(6) ***Owners Required to Provide Information .*** From the Adoption Date and prior to the Ownership Limitation Termination Date:

(a) every Beneficial Owner of more than 5.0% (or such other lower percentages as required pursuant to regulations under the Code) of the outstanding number or value of any class or series of Shares shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such Beneficial Owner, the number of Shares Beneficially Owned, and a description of how such Shares are held. Each such Beneficial Owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status (or, if prior to the REIT Election Date, expected status) as a REIT.

(b) each Person who is a Beneficial Owner of Shares and each Person (including the shareholder of record) who is holding Shares for a Beneficial Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status (or, if prior to the REIT Election Date, expected status) as a REIT or to comply with regulations promulgated under the REIT provisions of the Code.

(7) ***Remedies Not Limited* .** Except as provided in Section E. of this Article IX, nothing contained in this Article IX shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status (or, if prior to the REIT Election Date, expected status) as a REIT.

(8) ***Ambiguity* .** In the case of an ambiguity in the application of any of the provisions of this Article IX, including any definition contained in Section A.(1) of this Article IX and any ambiguity with respect to which Shares are to be designated as Excess Shares in a given situation, the Board of Directors shall have the power to determine the application of the provisions of this Article IX with respect to any situation based on the facts known to it.

(9) ***Modification of Existing Holder Limit* .** The Existing Holder Limit for any Existing Holder will be reduced after any transfer permitted in this Section A or any other event that reduces the percentage of the outstanding Common Shares Beneficially Owned by any Existing Holder of this Article IX by such Existing Holder to a Person other than an Existing Holder by the amount of Shares Transferred; but in no event shall such Existing Holder Limit be reduced to less than the Ownership Limit for Common Shares.

(10) ***Modification of Ownership Limit* .** Subject to the limitations provided in Section A.(11) of this Article IX, the Board of Directors may from time to time increase or decrease the Ownership Limit with respect to a class of Shares.

(11) ***Limitations on Modifications* .**

(a) Neither the Ownership Limit with respect to a class of Shares nor any Existing Holder Limit may be increased (nor may any additional Existing Holder Limit be created) if, after giving effect to such increase (or creation), five Beneficial Owners of Shares (including all of the then-existing Existing Holders) could Beneficially Own, in the aggregate, more that 49.9% of the outstanding Shares of the class of Shares to which such Ownership Limit or Existing Holder Limit relates.

(b) Prior to the modification of any Existing Holder Limit or Ownership Limit pursuant to Section A.(9) or Section A.(10) of this Article IX, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status (or, if prior to the REIT Election Date, expected status) as a REIT.

(c) The Ownership Limit with respect to a class of Shares may not be increased to a percentage which is greater than 9.9%.

(12) ***Exceptions.*** The Board of Directors, with a ruling from the Internal Revenue Service or an opinion of counsel that such exemption will not cause the Corporation to fail to qualify as a REIT or such other evidence or documents as the Board of Directors deems appropriate, may exempt a Person from the Ownership Limit with respect to a class of Shares or an Existing Holder Limit, as the case may be, if the Board of Directors obtains such representations and undertakings from such Persons as the Board of Directors determines are reasonably necessary, and such Person agrees that any violation or attempted violation of such representations or undertakings will result in, to the extent necessary, the designation of Shares held by such Person as Excess Shares in accordance with Section A.(3) of this Article IX.

B. Legend. (1) Each certificate for Common Shares shall bear the following legend:

"The Common Shares represented by this certificate are subject to restrictions on ownership and transfer for the purpose of the Corporation's maintenance of its status (or, if prior to the REIT Election Date, expected status) as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). No Person my Beneficially Own Common Shares in excess of 9.0% (or such greater percentage as may be determined by the Board of Directors) of the outstanding Common Shares of the Corporation (unless such Person is an Existing Holder). Any Person who attempts to Beneficially Own Common Shares in excess of the above limitation must immediately notify the Corporation. All capitalized terms used in this legend have the meanings set forth in the Certificate of Incorporation of the Corporation, a copy of which, including the restrictions on ownership and transfer, will be sent without charge to each stockholder who so requests. If the restrictions on ownership and transfer are violated, the Common Shares represented hereby will be automatically designated as Excess Shares which will be held in trust by the Trustee for the benefit of the Beneficiary."

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

(2) Each certificate for Preferred Shares shall bear the following legend:

"The Preferred Shares represented by this certificate are subject to restrictions on ownership and transfer for the purpose of the Corporation's maintenance of its status (or, if prior to the REIT Election Date, expected status) as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). No Person may Beneficially Own Preferred Shares of any class in excess of 9.9% of the outstanding Preferred Shares of such class. Any Person who attempts to Beneficially Own Shares in excess of the above limitation must immediately notify the Corporation. All capitalized terms used in this legend have the meanings set forth in the Certificate of Incorporation of the Corporation, a copy of which, including the restrictions on ownership and transfer, will be sent without charge to each stockholder who so requests. If the restrictions on ownership and transfer are violated, the Preferred Shares represented hereby will be automatically designated as Excess Shares which will be held in trust by the Trustee for the benefit of the Beneficiary."

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

C. Excess Shares.

(1) ***Ownership in Trust .*** Upon any purported Transfer or other event that results in the designation of Shares as Excess Shares pursuant to Section A.(3) of this Article IX, such Excess Shares shall be deemed to have been transferred to the Trustee, as trustee of the Trust for the exclusive benefit of the Beneficiary. The Trust shall name a Beneficiary if one does not already exist, within five days of the discovery of any designation of any Excess Shares; provided , however , that the failure to so name a Beneficiary shall not affect the designation of Shares as Excess Shares or the transfer thereof to the Trustee. Excess Shares so held in trust shall be issued and outstanding stock of the Corporation. The Purported Record Transferee shall have no rights in such Excess Shares except as provided in Section C.(5) of this Article IX.

(2) ***Dividend Rights*** **.** Any dividends (whether taxable as a dividend, return of capital or otherwise) on Excess Shares shall be paid to the Trust for the benefit of the Beneficiary. Upon liquidation, dissolution or winding up, the Purported Record Transferee shall receive, for each Excess Share, the lesser of (a) the amount per share of any distribution made upon liquidation, dissolution or winding up or (b) the price paid by the Purported Record Transferee for the Excess Shares, or if the Purported Record Transferee did not give value for the Excess Shares, the Market Price of the Excess Shares on the day of the event causing the Excess Shares to be held in trust. Any such dividend paid or distribution paid to the Purported Record Transferee in excess of the amount provided in the preceding sentence prior to the discovery by the Trust that the Shares with respect to which the dividend or distribution was made had been designated as Excess Shares shall be repaid, upon demand, to the Trust for the benefit of the Beneficiary.

(3) ***Rights upon Liquidation*** **.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, (a) subject to the preferential rights of the Preferred Shares, if any, as may be determined by the Board of Directors of the Corporation and the preferential rights of the Excess Preferred Shares, if any, each holder of Excess Common Shares shall be entitled to receive, ratably with each other holder of Common Shares and Excess Common Shares, that portion of the assets of the Corporation available for distribution to the holders of Common Shares or Excess Common Shares which bears the same relation to the total amount of such assets of the Corporation as the number of Excess Common Shares held by such holder bears to the total number of Common Shares and Excess Common Shares then outstanding, and (b) each holder of Excess Preferred Shares shall be entitled to receive that portion of the assets of the Corporation which a holder of the Preferred Shares that were exchanged for such Excess Preferred Shares would have been entitled to receive had such Preferred Shares remained outstanding. The Corporation, as holder of the Excess Shares in trust shall distribute ratably to the Beneficiaries of the Trust, when determined, any such assets received in respect of the Excess Shares in any liquidation, dissolution or winding up of, or any distribution of the assets of the Corporation.

(4) ***Voting Rights*** **.** The Trustee shall be entitled to vote the Excess Shares on behalf of the Beneficiary on any matter. Subject to Delaware law, any vote cast by a Purported Record Transferee with respect to the Excess Shares prior to the discovery by the Corporation that the Excess Shares were held in trust will be rescinded ab initio ; provided , however , that if the Corporation has already taken irreversible action with respect to a merger, reorganization, sale of all or substantially all of the assets, dissolution of the Corporation or other action by the Corporation, then the vote cast by the Purported Record Transferee shall not be rescinded. The owner of the Excess Shares will be deemed to have given an irrevocable proxy to the Trustee to vote the Excess Shares for the benefit of the Beneficiary.

Notwithstanding the provisions of this Article IX, until the Corporation has received notification that Excess Shares have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

(5) ***Restrictions on Transfer*** **.** Excess Shares shall be transferable only as provided in this Section C.(5) of Article IX. At the direction of the Board of Directors, the Trustee shall transfer the Shares held in the Trust to a Person or Persons whose ownership of such Shares will not violate the Ownership Limit. If such a transfer is made to such a Person or Persons, the interest of the Beneficiary shall terminate and the proceeds of the sale shall be payable to the Purported Record Transferee and to the Beneficiary. The Purported Record Transferee shall receive the lesser of (a) the price paid by the Purported Record Transferee for the Shares or, if the Purported Record Transferee did not give value for the Shares, the Market Price of the Shares on the day of the event causing the Shares to be held in trust, or (b) the price received by the Trust from the sale or other disposition of the Shares. Any proceeds in excess of the amount payable to the Purported Record Transferee will be paid to the Beneficiary. The Trustee shall be under no obligation to obtain the highest possible price for the Excess Shares. Prior to any transfer of any Excess Shares by the Trustee, the Corporation must have waived in writing its purchase rights under Section C.(6) of this Article IX. It is expressly understood that the Purported Record Transferee may enforce the provisions of this Section against the Beneficiary.

If any of the foregoing restrictions on transfer of Excess Shares is determined to be void, invalid or unenforceable by any court of competent jurisdiction, then the Purported Record Transferee may be deemed, at the option of the Corporation, to have acted as an agent of the Corporation in acquiring such Excess Shares in trust and to hold such Excess Shares on behalf of the Corporation.

(6) ***Purchase Right in Excess Shares*** **.** Excess Shares shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that created such Excess Shares (or, in the case of a devise, gift or other transaction in which no value was given for such Excess Shares, the Market Price at the time of such devise, gift or other transaction) and (ii) the Market Price on the date the Corporation, or its designee accepts such offer (the "Redemption Price"). The Trust shall have the right to accept such offer for a period of ninety days after the later of (i) the date of the purported Transfer or other event which resulted in the designation of the Shares as Excess Shares and (ii) the date the Board of Directors determines in good faith that a purported Transfer or other event resulting in the designation of Excess Shares has occurred, if the Corporation does not receive a notice of any such Transfer pursuant to Section A.(5) of this Article IX. Unless the Board of Directors determines that it is in the interests of the Corporation to make earlier payments of all of the amounts determined as the Redemption Price per Share in accordance with the preceding sentence, the Redemption Price may be payable at the option of the Board of Directors at any time up to but not later than five years after the date the Corporation accepts the offer to purchase the Excess Shares. In no event shall the Corporation have an obligation to pay interest to the Purported Record Transferee.

D. Severability. If any provision of this Article IX or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

E. New York Stock Exchange Transactions. Nothing in this Article IX shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange. The fact that the settlement of any transaction occurs or takes place shall not negate the effect of any other provision of this Article IX and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article IX.

F. Amendment of Article IX. This Article IX may not be amended, modified or repealed except by the affirmative vote of not less than two-thirds (2/3) of the votes entitled to be cast by the holders of all Shares of the Corporation entitled to vote generally in the election of Directors voting together as one class.

ARTICLE X

Restrictions on Constructive Ownership Relating to REIT Status

A. (1) ***Definitions*** **.** For the purposes of this Article X, the following terms shall have the following meanings:

"Constructive Ownership" shall mean ownership of Shares by a Person, whether the interest in such Shares is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns," and "Constructively Owned" shall have the correlative meanings.

"Special Excess Shares" shall mean Shares resulting from an event described in Section A.(3) of this Article X.

All other capitalized terms used in this Article X shall have the meanings, and be defined as, set forth in Article IX of this Certificate of Incorporation.

(2) ***Restrictions on Constructive Ownership*** **.** From the Adoption Date and prior to the Ownership Limitation Termination Date, no Person shall Constructively Own any Shares to the extent that such Constructive Ownership would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such, and any Transfer that, if effective, would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such shall be void ab initio as to the Transfer of such Shares which would cause any income of the Corporation that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such; and the intended transferee shall acquire no rights in such Shares.

(3) ***Designation of Special Excess Shares*** **.** If, notwithstanding the other provisions contained in this Article X or in Article IX, at any time from the Adoption Date and prior to the Ownership Limitation Termination Date, there is a purported Transfer or other event (including an event described in Section A.(3)(a) through (g) of Article IX) which would, if effective, result in any Person Constructively Owning Shares in violation of Section A.(2) of this Article X, then, except as provided in Section A.(12) of Article IX, such number of Shares (rounded up to the nearest whole Share) in excess of the greatest amount of Shares as would not result in a violation of Section A.(2) of this Article X shall be automatically designated as Special Excess Shares. Such designation shall be effective as of the close of business on the business day prior to the date of such purported Transfer or other event. In determining which Shares are designated as Special Excess Shares, Shares of the relevant class directly or indirectly owned (including by a nominee) by the Person prior to (or as a result of) the purported Transfer or other event shall be treated as designated as Special Excess Shares before any Shares that would be treated as owned though the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code, by the Person are so treated. Shares designated as Special Excess Shares pursuant to this Article X, shall be treated as shares that were converted to Excess Shares pursuant to and for purposes of Article IX.

B. Severability. If any provision of this Article X or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

C. New York Stock Exchange Transactions. Nothing in this Article X shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange. The fact that the settlement of any transaction occurs or takes place shall not negate the effect of any other provision of this Article X and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article X.

D. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article X, including any definition contained in this Article X and any ambiguity with respect to which Shares are to be designated as Special Excess Shares in a given situation or in the treatment of such shares pursuant to Article IX, the Board of Directors shall have the power to determine the application of the provisions of this Article X with respect to any situation based on the facts known to it.

Exhibit 3.2

FOURTH AMENDED AND RESTATED BY-LAWS OF VENTAS, INC.

(as amended as of July 1, 2011)

ARTICLE I

OFFICES

1.1. REGISTERED OFFICE . The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

1.2. OTHER OFFICES . The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

1.3. FISCAL YEAR . The Board of Directors of the Corporation shall have the power to fix, and from time to time change, the fiscal year of the Corporation.

ARTICLE II

STOCKHOLDERS

2.1. ANNUAL MEETING . The annual meeting of the stockholders of the Corporation, for the election of directors, the consideration of financial statements and other reports, and the transaction of such other business as may properly be brought before such meeting, shall be held no later than six months following the end of the Corporation’s fiscal year. The meeting shall be held at such time and on such date as may be designated by the Board of Directors of the Corporation. In the event the annual meeting is not held or if directors are not elected at the annual meeting, a special meeting may be called and held for that purpose.

2.2. BUSINESS TO BE CONDUCTED .

A. Nominations of persons for election to the Board of Directors and the proposal of business other than nominations to be considered by the Corporation’s stockholders may be made at an annual meeting of stockholders only (1) pursuant to the Corporation’s notice of such meeting (or any supplement thereto), (2) by, or at the direction of, the Board of Directors or (3) by a stockholder of the Corporation who was a stockholder of record at the time of giving the stockholder’s notice as provided for in this Section 2.2, who is entitled to vote at the annual meeting and who has complied with the procedures set forth in this Section 2.2. For nominations or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to the foregoing clause (3), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must be a proper subject for stockholder action. To be timely, a stockholder’s notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the one hundred twentieth (120th) day nor earlier than the close of business on the one hundred fiftieth (150 th) day prior to the first anniversary of the date of the preceding year's annual meeting of stockholders; provided, however, that if either (1) the date of the annual meeting is more than thirty (30) days before or more than thirty (30) days after such anniversary date or (2) no annual meeting of stockholders was held in the previous year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred fiftieth (150 th) day prior to such annual meeting and not later than the close of business on the later of (x) the one hundred twentieth (120 th) day prior to such annual meeting and (y) the tenth (10 th) day following the date on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

B. A stockholder's notice to the Secretary delivered pursuant to Section 2.2(A) shall set forth:

(1) as to each person whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended;

(2) as to any business other than nominations that the stockholder proposes to bring before the annual meeting, a brief description of such business (including the complete text of any resolutions to be presented at the annual meeting), the stockholder's reasons for proposing such business and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below) of such stockholder, individually or in the aggregate, including any anticipated benefit to the stockholder or any such Stockholder Associated Person therefrom;

(3) as to the stockholder giving the notice and any Stockholder Associated Person of such stockholder and, if the stockholder's notice includes a nomination of person(s) for election to the Board of Directors, any Proposed Nominee,

(a) the class, series and number of all shares of stock or other securities of the Corporation (collectively, "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Stockholder Associated Person or Proposed Nominee, the date(s) on which such Company Securities were acquired and the investment intent of such acquisition(s), and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person (whether or not such person maintains a "net long" position),

(b) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Stockholder Associated Person or Proposed Nominee, and

(c) whether and the extent to which such stockholder, Stockholder Associated Person or Proposed Nominee, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last twelve months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement) (i) the value of which is derived in whole or in part from the value of any Company Securities, (ii) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from changes in the value or price of any Company Securities, (iii) the effect or intent of which is to mitigate loss or manage risk or benefit of changes in the value or price of any Company Securities or (iv) which provides the right to vote or increase or decrease the voting power of such stockholder, Stockholder Associated Person or Proposed Nominee, with respect to any Company Securities;

(4) as to the stockholder giving the notice, any Stockholder Associated Person of such stockholder with an interest or ownership referred to in clause B(3) of this Section 2.2 and, if the stockholder's notice includes a nomination of person(s) for election to the Board of Directors, any Proposed Nominee,

(a) the name and address of such stockholder, as they appear on the Corporation's books, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee, and

(b) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person;

(5) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director of the Corporation and/or the proposal of other business on the date of such stockholder's notice; and

(6) a representation that the stockholder giving the notice intends to appear in person or by proxy at the annual meeting of stockholders to nominate the persons named in his or her notice and/or to bring such other business before the annual meeting.

C. "Stockholder Associated Person" of any stockholder means (1) any person acting in concert with such stockholder (including, but not limited to, in connection with such stockholder's proposal of one or more Proposed Nominees and/or of any other business) with respect to the Corporation or any Company Securities, (2) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (as defined in Rule 16a-1(a)(1), without reference to the proviso therein, or Rule 16a-1(a)(2), or any successor provisions, under the Securities Exchange Act of 1934, as amended) and (3) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

D. Such stockholder's notice shall, with respect to any Proposed Nominee, as applicable, be accompanied by a certificate executed by the Proposed Nominee (1) certifying that such Proposed Nominee (a) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation, (b) consents to being named in the Corporation's proxy statement as a nominee and (c) will serve as a director of the Corporation if elected; (2) including a statement whether such Proposed Nominee agrees that, if elected, in the event such director fails to receive the required majority vote for re-election to the Board of Directors, such director will tender, promptly following certificate of the election results, an irrevocable resignation that will be effective upon acceptance by the Board of Directors in accordance with the Corporation's Director Resignation Policy; and (3) attaching a completed Proposed Nominee questionnaire, which questionnaire shall be provided by the Corporation, upon request, to the stockholder providing the notice and shall include all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended, or would be required pursuant to the rules of any national securities exchange or over-the-counter market applicable to any Company Securities. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

E. Notwithstanding anything in this Section 2.2 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least ten (10) days prior to the last day a stockholder may deliver a notice of nomination in accordance with Section 2.2(A), a stockholder's notice required by this Section 2.2 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

F. If information submitted pursuant to this Section 2.2 by any stockholder proposing a nominee for election as a director and/or any other business at an annual meeting of stockholders shall be inaccurate or incomplete in any material respect, such information may be deemed not to have been provided, and the nomination or other business in respect of which such information is required by Section 2.2(B) may be deemed not to have been made or proposed in accordance with this Section 2.2. Any such stockholder shall notify the Corporation of any inaccuracy or incompleteness (within two business days of becoming aware of such inaccuracy or change) in any such information. Within five business days after the record date related to the annual or special meeting of stockholders, and upon written request by the Secretary or the Board of Directors, within five business days of delivery of such request (or such other period as may be specified in such request), any such stockholder shall provide (1) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy or certify the completeness of any information submitted or required to be submitted by the stockholder pursuant to this Section 2.2 and (2) a written update of any information submitted by the stockholder pursuant to this Section 2.2 as of the record date or a date not later than such request by the Secretary or the Board of Directors. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided, and the nomination or business in respect of which such information is required by Section 2.2(B) may be deemed not to have been made or proposed in accordance with this Section 2.2.

G. Only such individuals who are nominated in accordance with this Section 2.2 shall be eligible for election by stockholders as directors, and only such business other than nominations shall be conducted at an annual meeting of stockholders as shall have been brought before the annual meeting in accordance with this Section 2.2. The Board of Directors and the chairman of the annual meeting shall each have the power to determine whether a nomination was made or any other business proposed to be brought before the annual meeting was proposed in accordance with this Section 2.2.

H. For purposes of these By-Laws, “public announcement” shall mean disclosure (1) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (2) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

I. Notwithstanding the foregoing provisions of this Section 2.2, a stockholder shall also comply with all applicable requirements of state law and of the Securities Exchange Act of 1934, as amended, and any rules and regulations thereunder. Notwithstanding anything in these By-Laws to the contrary, this Section 2.2 shall not apply to any stockholder proposal made pursuant to Rule 14a-8 (or any successor provision), or a nomination made in compliance with Rule 14a-11 (or any successor provision), under the Securities Exchange Act of 1934, as amended, nor shall this Section 2.2 limit or affect in any manner the right of the Corporation to seek to omit, or to omit, from the Corporation’s proxy materials a proposal made under Rule 14a-8 or a nomination made under Rule 14a-11. The requirements, procedures and notice deadlines of Rule 14a-8 and Rule 14a-11, respectively, shall govern any proposal or nomination made pursuant thereto.

2.3. SPECIAL MEETINGS .

A. Special meetings of stockholders, unless otherwise prescribed by statute, may be called at any time only by the Board of Directors or the Chairman of the Board of the Corporation. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the special meeting pursuant to the Corporation’s notice of meeting.

B. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation’s notice of meeting only (1) by or at the direction of the Board of Directors or (2) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who was a stockholder of record at the time of giving the stockholder’s notice as provided for in this Section 2.3, who is entitled to vote at the special meeting and who has complied with the notice procedures set forth in this Section 2.3. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation’s notice of meeting, if the stockholder’s notice, containing the information required by Sections 2.2(B) and 2.2(D) (replacing references to “annual meeting” with “special meeting”), shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the thirtieth (30^{th}) day before such special meeting or the tenth (10^{th}) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such special meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder’s notice as described above.

2.4. PLACE OF MEETING . All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place either within or without the State of Delaware as shall be stated in the notice of such meeting.

2.5. NOTICE OF MEETINGS AND ADJOURNED MEETINGS . Written notice of the annual meeting or a special meeting stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.6. STOCKHOLDERS LIST . The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

2.7. QUORUM AND ADJOURNMENT . At any meeting of stockholders, the holders of a majority of the issued and outstanding shares of stock entitled to vote present in person or represented by proxy shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the chairman of the meeting or a majority of the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be presented or represented.

2.8. VOTING. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the shares of stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Delaware General Corporation Law or of the Certificate of Incorporation or of these By-Laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

2.9. PROXIES. At each meeting of the stockholders, each stockholder shall, unless otherwise provided by the Certificate of Incorporation, be entitled to one vote in person or by proxy for each share of stock held by him which has voting power upon the matter in question, but no proxy shall be voted after three years from its date, unless the proxy provides for a longer period.

2.10. CONDUCT OF MEETINGS. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting of stockholders shall be announced at such meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules or regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (A) the establishment of an agenda or order of business for the meeting; (B) rules and procedures for maintaining order at the meeting and the safety of those present; (C) limitations on attendance at or participation in the meeting, to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman shall permit; (D) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (E) limitations on the time allotted to questions or comments by participants. Unless, and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

2.11. ACTION OF STOCKHOLDERS WITHOUT A MEETING.

A. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, whether by any provision of the Delaware General Corporation Law or of the Certificate of Incorporation or these By-Laws or otherwise, such corporate action may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of eighty percent of outstanding stock. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

B. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of stockholders meetings are recorded, to the attention of the Secretary of the Corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE III

BOARD OF DIRECTORS

3.1. MANAGEMENT OF CORPORATION . The business affairs of the Corporation shall be managed by its Board of Directors.

3.2. NUMBER OF DIRECTORS . The number of directors of the Corporation (exclusive of directors to be elected by the holders of one or more series of the Preferred Stock of the Corporation which may be outstanding, voting separately as a series or class) shall be fixed from time to time by action of not less than a majority of the members of the Board of Directors then in office, but in no event shall be less than three nor more than thirteen.

3.3. ELECTION OF DIRECTORS .

A. The directors shall be elected at the annual meeting of stockholders, or if not so elected, at a special meeting of stockholders called for that purpose; provided, however, that if the Corporation shall have no stockholders, directors may be appointed by the incorporators.

B. At any meeting of stockholders at which directors are to be elected, only persons nominated as candidates in accordance with Section 2.2 or Section 2.3 of these By-Laws, as applicable, shall be eligible for election.

C. Except as otherwise provided by this Article III, each director shall be elected by the vote of the "majority of votes cast" (as defined below) with respect to that director's election at any meeting for the election of directors at which a quorum is present, unless the election is contested, in which case directors shall be elected by the vote of a plurality of the shares of stock entitled to vote on the election of directors present in person or represented by proxy at any such meeting. An election shall be deemed to be contested if the Secretary of the Corporation has received one or more notices that a stockholder or stockholders intend to nominate a person or persons for election to the Board of Directors, which notice(s) purport to be in compliance with Section 2.2 of these By-Laws, or Rule 14a-11 (or any successor provision) of the Securities Exchange Act of 1934, as amended, and all such nominations have not been withdrawn by the proposing stockholder(s) on or prior to the tenth (10^{th}) day preceding the date the Corporation first mails its notice of meeting for such meeting to its stockholders (regardless of whether all such nominations are subsequently withdrawn and regardless of whether the Board of Directors determines that any such notice is not in compliance with Section 2.2 of these By-Laws or Rule 14a-11). For purposes of this Section 3.3, a "majority of votes cast" shall mean that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election (with "abstentions" and broker non-votes not counted as a vote cast either "for" or "against" that director's election). If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote "against" a candidate.

D. If the Board of Directors accepts an incumbent director's resignation pursuant to the Corporation's Director Resignation Policy upon such director's failure to receive the required vote for re-election, or if a candidate for director is not elected and the candidate is not an incumbent director, then the Board of Directors may fill the resulting vacancy pursuant to Section 3.6 of these By-Laws or Article V, Section A of the Certificate of Incorporation or may decrease the size of the Board of Directors pursuant to the provisions of Section 3.2 of these By-Laws.

3.4. TERM. Each director shall hold office until the next annual meeting of the stockholders and until his successor has been elected and qualified or until his earlier resignation, removal from office, or death.

3.5. REMOVAL. Any director or the entire Board of Directors may be removed with or without cause, at any time, by the affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote in the election of directors, at a special meeting of the stockholders called for the purpose.

3.6. VACANCIES. If any vacancy occurs on the Board of Directors for any reason, including, but not limited to, the resignation, removal, or death of a director, or if the Board of Directors shall increase the number of authorized directors, a majority of the directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his successor is elected and qualified.

3.7. ANNUAL MEETING. After each annual election of directors, on the same day, the Board of Directors may meet for the purpose of organization, the election of officers and the transaction of such other business at the place where the annual meeting of the stockholders for the election of directors is held. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

3.8. REGULAR MEETINGS . Regular meetings of the Board of Directors may be held at such places either within or without the State of Delaware and at such time as the Board shall by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at such place at the same hour and on the next succeeding business day not a legal holiday. Notice of regular meetings need not be given.

3.9. SPECIAL MEETINGS . Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, Chief Executive Officer, a majority of the directors or stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Notice of each such meeting shall be given to each director, at least 24 hours before the day on which the meeting is to be held, in accordance with Article IV of these By-Laws. Each such notice shall state the time and place either within or without the State of Delaware of the meeting but need not state the purpose thereof, except as otherwise provided by the Delaware General Corporation Law or by these By-Laws. Notice of any meeting of the Board need not be given to any director who is present at such meeting; and any meeting of the Board shall be a legal meeting without any notice thereof having been given if all of the directors then in office are present at the meeting unless a director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

3.10. QUORUM . Except as otherwise provided by the Delaware General Corporation Law or by the Certificate of Incorporation, a majority of the total number of directors shall be required to constitute a quorum for the transaction of business at any meeting, and the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be necessary for the adoption of any resolution or the taking of any other action.

3.11. TELEPHONE COMMUNICATIONS . Members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. ACTION OF DIRECTORS WITHOUT A MEETING . Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing and such written consent is filed with the minutes of proceedings of the Board or such committee.

3.13. COMPENSATION . By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a stated annual stipend as director or a fixed sum for attendance at each meeting of the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

3.14. COMMITTEES . The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution and not prohibited by the Delaware General Corporation Law, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it, and shall have the power and authority to declare a dividend, to authorize the issuance of stock, and to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

3.15. GOVERNING BODIES . Each hospital owned or operated by the Corporation shall have a governing body consisting of three persons (the "Governing Board"). Unless the Board of Directors otherwise directs, the Governing Board for each hospital operated or owned by the Corporation shall be comprised of the Corporation's Vice President, Finance; Vice President, Operations; and the local hospital administrator. To the extent not prohibited by Delaware law or by resolution of the Board of Directors, the Governing Board of each hospital shall have the authority, and shall be responsible for, the day-to-day operations and conduct of the hospital as an institution. Additionally, the Governing Board shall carry out, with respect to the hospital, the functions specified in 42 C.F.R. Part 482, as may be amended from time to time or any successor section thereto, as such section may pertain to the governing bodies of the hospitals.

ARTICLE IV

NOTICES

4.1. NOTICES . Whenever, under the provisions of the Delaware General Corporation Law or of the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, such notice shall be in writing, and shall be hand-delivered or sent by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon pre-paid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or, in the case of notice mailed from the United States to an overseas address, ten (10) days after the same is deposited in the United States mail. Notice to directors may also be given orally, in person or by telephone, or by electronic mail or facsimile transmission. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt.

4.2. WAIVER OF NOTICE . Whenever any notice is required to be given under the provisions of the Delaware General Corporation Law or of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

5.1. OFFICERS . The officers of the Corporation shall be a Chairman of the Board, Vice Chairman, Chief Executive Officer, President, one or more Vice Presidents, a Secretary, a Treasurer, and, if the Board shall so determine, an Assistant Secretary and an Assistant Treasurer. Any two or more offices may be held by the same person.

5.2. ELECTION OF OFFICERS . The officers shall be elected by the Board of Directors and each shall hold office at the pleasure of the Board of Directors until his successor shall have been duly elected and qualified, or until his death, or until he shall resign or until he shall have been removed in the manner hereinafter provided.

5.3. OTHER OFFICERS . In addition to the officers named in Article I, the Corporation may have such other officers and agents as may be deemed necessary by the Board of Directors. Such other officers and agents shall be appointed in such manner, have such duties and hold their offices for such terms, as may be determined by resolution of the Board of Directors.

5.4. RESIGNATION . Any officer may resign at any time by giving written notice of his resignation to the Board of Directors or to the Chairman of the Board of the Corporation. Any such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.5. REMOVAL . Any officer may be removed, either with or without cause, by action of the Board of Directors.

5.6. VACANCY . A vacancy in any office because of death, resignation, removal or any other cause shall be filled by the Board of Directors.

5.7. CHAIRMAN OF THE BOARD . The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. Unless the Board of Directors designates otherwise, the Chairman shall be the Chief Executive Officer of the Corporation. He may sign certificates for shares of stock of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The Chairman of the Board shall, in general, perform all duties incident to the office of chairman of the board and such other duties as may be set forth in the By-Laws or may be prescribed by the Board of Directors from time to time.

5.8. PRESIDENT. In the absence of the Chairman of the Board, the President shall preside at meetings of the stockholders and of the Board of Directors. If the Board of Directors does not appoint a Chairman of the Board, the President shall have the authority given the Chairman of the Board in these By-Laws and shall be considered the Chief Executive Officer of the Corporation unless the Board of Directors otherwise designates. The President may sign, with the Secretary or an Assistant Secretary, certificates for shares of stock of the Corporation; and shall perform such other duties as from time to time may be assigned to him by the Chairman of the Board or by the Board of Directors.

5.9. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have direct charge of the business of the Corporation, subject to the general control of the Board of Directors, and shall be the chief executive officer of the Corporation unless otherwise determined by the Board of Directors. The Chief Executive Officer shall have direct charge of the daily operational aspects of the Corporation's business, unless otherwise determined by the Board of Directors, and shall have such other duties as may be assigned to him from time to time by the Board of Directors or its Chairman.

5.10. VICE PRESIDENT. In the absence of the President, or in the event of his inability or refusal to act, the Vice President (or, in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election), shall perform all the duties of the President and such other duties as from time to time may be assigned by the Board of Directors. The Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of stock of the Corporation.

5.11. TREASURER. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies and other depositories as shall be selected in accordance with the provisions of Section 6.3; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chairman of the Board, the Chief Executive Officer or the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

5.12. SECRETARY. The Secretary shall (a) keep the minutes of the stockholders' meetings and of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal, if any, of the Corporation; (d) keep a register of the mailing address of each stockholder; (e) sign with the Chairman of the Board or Vice-Chairman or President or Vice President certificates for shares of stock of the Corporation; (f) have general charge of the stock transfer books of the Corporation; and, in general, perform all duties as from time to time may be assigned to him by the Chairman of the Board, the Chief Executive Officer or by the Board of Directors.

5.13. POWERS AND DUTIES. In the absence of any officer of the Corporation, or for any reason the Board of Directors may deem sufficient, the Board of Directors may delegate for the time being, the powers or duties of such officer, or any of them, to any other officer or to any director. The Board of Directors may from time to time delegate to any officer authority to appoint and remove subordinate officers and to prescribe their authority and duties.

5.14. COMPENSATION. The compensation of the officers shall be fixed from time to time by the Board of Directors. Nothing contained herein shall preclude any officer from serving the Corporation in any other capacity, including that of director, or from serving any of its stockholders, subsidiaries or affiliated corporations in any capacity, and receiving proper compensation therefor.

ARTICLE VI

LOANS, CHECKS, DEPOSITS, ETC.

6.1. GENERAL. All checks, drafts, bills of exchange or other orders for the payment of money, issued in the name of the Corporation, shall be signed by such person or persons and in such manner as may from time to time be designated by the Board of Directors, which designation may be general or confined to specific instances.

6.2. LOANS AND EVIDENCES OF INDEBTEDNESS. No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors. Such authorization may be general or confined to specific instances. Loans so authorized by the Board of Directors may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors shall authorize. When so authorized by the Board of Directors, any part of or all the properties, including contract rights, assets, business or good will of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligation or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

6.3. BANKING. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may authorize. The Board of Directors may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-Laws, as it may deem expedient. For the purpose of deposit and for the purpose of collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation shall be endorsed, assigned and delivered by such person or persons and in such manner as may from time to time be authorized by the Board of Directors.

6.4. SECURITIES HELD BY THE CORPORATION. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board may from time to time appoint an attorney or attorneys, or an agent or agents, to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation to vote or to consent in respect of such stock or other securities; and the Chairman of the Board may instruct the person or persons so appointed as to the manner of exercising such powers and rights and the Chairman of the Board may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies, powers of attorney or other written instruments as he may deem necessary in order that the Corporation may exercise such powers and rights.

ARTICLE VII

STOCK CERTIFICATES

7.1. STOCK CERTIFICATES . Every stockholder shall be entitled to have a certificate certifying the number of shares of stock of the Corporation owned by him, signed by, or in the name of the Corporation by the Chairman of the Board, or Vice-Chairman, President or a Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation (except that when any such certificate is countersigned by a transfer agent other than the Corporation or its employee or by a registrar other than the Corporation or its employee the signature of any such officers may be facsimiles). If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except in the case of restrictions on transfer of securities which are required to be noted on the certificate, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

7.2. LOST, STOLEN OR DESTROYED CERTIFICATES . The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

7.3. RECORD DATES . In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

7.4. PROTECTION OF CORPORATION . The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of stock to receive dividends and shall not be bound to recognize any equitable or other claim to or interest in such stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE VIII

CORPORATE SEAL

The Corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

EMERGENCY REGULATIONS

The Board of Directors may adopt, either before or during an emergency, as that term is defined by the Delaware General Corporation Law, any emergency regulations permitted by the Delaware General Corporation Law which shall be operative only during an emergency. In the event the Board of Directors does not adopt any such emergency regulations, the special rules provided in the Delaware General Corporation Law shall be applicable during an emergency as therein defined.

ARTICLE X

AMENDMENTS

These By-Laws may be amended or repealed or new by-laws adopted (a) by the affirmative vote of the holders of at least 66 2/3% of the voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class or (b) by action of the Board of Directors at a regular or special meeting thereof. Any by-law made by the Board of Directors may be amended or repealed by action of the stockholders at any annual or special meeting of stockholders.

Exhibit 12.1

STATEMENT REGARDING COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(dollars in thousands)	For the Six Months Ended June 30, 2011
Income before loss from unconsolidated entities, income taxes, and noncontrolling interest	$ 59,627
Interest expense	
Senior notes payable and other debt	96,290
Distributions from unconsolidated entities	332
Earnings	$ 156,249
Interest	
Senior notes payable and other debt expense	$ 96,290
Interest capitalized	—
Fixed charges	$ 96,290
Ratio of Earnings to Fixed Charges	1.62x

Exhibit 31.1

I, Debra A. Cafaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventas, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2011

/s/ Debra A. Cafaro
Debra A. Cafaro
Chairman and Chief Executive Officer

Exhibit 31.2

I, Richard A. Schweinhart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventas, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2011

/s/ Richard A. Schweinhart

Richard A. Schweinhart
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the “Company”) for the period ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Debra A. Cafaro, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2011

/s/ Debra A. Cafaro
Debra A. Cafaro
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the "Company") for the period ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Schweinhart, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2011

/s/ Richard A. Schweinhart
Richard A. Schweinhart
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.