

**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 MARCH 31, 2013**

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
(State or Other Jurisdiction of
Incorporation or Organization)

61-1055020
(I.R.S. Employer
Identification No.)

353 N. Clark Street, Suite 3300
Chicago, Illinois
(Address of Principal Executive Offices)

60654
(Zip Code)

(877) 483-6827
(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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 ☐
(Do not check if a
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:

Common Stock, \$0.25 par value

Outstanding at April 24, 2013:

293,165,686

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)

	March 31, 2013	December 31, 2012
	(Unaudited)	(Audited)
Assets		
Real estate investments:		
Land and improvements	\$ 1,764,208	\$ 1,772,417
Buildings and improvements	16,977,860	16,920,821
Construction in progress	72,714	70,665
Acquired lease intangibles	984,023	981,704
	19,798,805	19,745,607
Accumulated depreciation and amortization	(2,803,068)	(2,634,075)
Net real estate property	16,995,737	17,111,532
Secured loans receivable, net	490,107	635,002
Investments in unconsolidated entities	94,257	95,409
Net real estate investments	17,580,101	17,841,943
Cash and cash equivalents	57,690	67,908
Escrow deposits and restricted cash	99,225	105,913
Deferred financing costs, net	54,079	42,551
Other assets	915,826	921,685
Total assets	<u>\$ 18,706,921</u>	<u>\$ 18,980,000</u>
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	\$ 8,295,908	\$ 8,413,646
Accrued interest	58,086	47,565
Accounts payable and other liabilities	910,692	995,156
Deferred income taxes	261,122	259,715
Total liabilities	9,525,808	9,716,082
Redeemable OP unitholder and noncontrolling interests	194,302	174,555
Commitments and contingencies		
Equity:		
Ventas stockholders' equity:		
Preferred stock, \$1.00 par value; 10,000 shares authorized, unissued	—	—
Common stock, \$0.25 par value; 600,000 shares authorized, 295,823 and 295,565 shares issued at March 31, 2013 and December 31, 2012, respectively	73,969	73,904
Capital in excess of par value	9,904,694	9,920,962
Accumulated other comprehensive income	21,828	23,354
Retained earnings (deficit)	(861,434)	(777,927)
Treasury stock, 3,736 and 3,699 shares at March 31, 2013 and December 31, 2012, respectively	(223,709)	(221,165)
Total Ventas stockholders' equity	8,915,348	9,019,128
Noncontrolling interest	71,463	70,235
Total equity	8,986,811	9,089,363
Total liabilities and equity	<u>\$ 18,706,921</u>	<u>\$ 18,980,000</u>

See accompanying notes.

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

	For the Three Months Ended March 31,	
	2013	2012
Revenues:		
Rental income:		
Triple-net leased	\$ 213,763	\$ 203,575
Medical office buildings	111,146	63,965
	324,909	267,540
Resident fees and services	339,170	285,193
Medical office building and other services revenue	3,648	5,608
Income from loans and investments	16,103	8,036
Interest and other income	1,038	47
Total revenues	684,868	566,424
Expenses:		
Interest	79,600	68,130
Depreciation and amortization	179,017	160,421
Property-level operating expenses:		
Senior living	230,908	195,134
Medical office buildings	36,541	20,703
	267,449	215,837
Medical office building services costs	1,639	2,988
General, administrative and professional fees	28,774	22,198
Loss on extinguishment of debt, net	—	29,544
Merger-related expenses and deal costs	4,262	7,981
Other	4,587	1,576
Total expenses	565,328	508,675
Income before income from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	119,540	57,749
Income from unconsolidated entities	929	317
Income tax expense	(1,744)	(11,338)
Income from continuing operations	118,725	46,728
Discontinued operations	(5,627)	43,364
Net income	113,098	90,092
Net income (loss) attributable to noncontrolling interest	905	(534)
Net income attributable to common stockholders	\$ 112,193	\$ 90,626
Earnings per common share:		
Basic:		
Income from continuing operations attributable to common stockholders	\$ 0.40	\$ 0.16
Discontinued operations	(0.02)	0.15
Net income attributable to common stockholders	\$ 0.38	\$ 0.31
Diluted:		
Income from continuing operations attributable to common stockholders	\$ 0.40	\$ 0.16
Discontinued operations	(0.02)	0.15
Net income attributable to common stockholders	\$ 0.38	\$ 0.31
Weighted average shares used in computing earnings per common share:		
Basic	291,455	288,375
Diluted	293,924	290,813
Dividends declared per common share	\$ 0.67	\$ 0.62

See accompanying notes.

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

	For the Three Months Ended March 31,	
	2013	2012
Net income	\$ 113,098	\$ 90,092
Other comprehensive (loss) income:		
Foreign currency translation	(2,091)	1,949
Change in unrealized gain on marketable debt securities	61	(308)
Other	504	223
Total other comprehensive (loss) income	(1,526)	1,864
Comprehensive income	111,572	91,956
Comprehensive income (loss) attributable to noncontrolling interest	905	(534)
Comprehensive income attributable to common stockholders	<u>\$ 110,667</u>	<u>\$ 92,490</u>

See accompanying notes.

VENTAS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the Three Months Ended March 31, 2013 and the Year Ended December 31, 2012
(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, 2012	\$ 72,240	\$ 9,593,583	\$ 22,062	\$ (412,181)	\$ (747)	\$ 9,274,957	\$ 80,987	\$ 9,355,944
Net income (loss)	—	—	—	362,800	—	362,800	(1,025)	361,775
Other comprehensive income	—	—	1,292	—	—	1,292	—	1,292
Acquisition-related activity	—	(8,571)	—	—	(221,076)	(229,647)	(9,429)	(239,076)
Net change in noncontrolling interest	—	—	—	—	—	—	(5,194)	(5,194)
Dividends to common stockholders—\$2.48 per share	—	—	—	(728,546)	—	(728,546)	—	(728,546)
Issuance of common stock	1,495	340,974	—	—	—	342,469	—	342,469
Issuance of common stock for stock plans	128	22,126	—	—	2,841	25,095	—	25,095
Change in redeemable noncontrolling interest	—	(17,317)	—	—	—	(17,317)	4,896	(12,421)
Adjust redeemable OP unitholder interests to current fair value	—	(19,819)	—	—	—	(19,819)	—	(19,819)
Purchase of OP units	3	(1,651)	—	—	324	(1,324)	—	(1,324)
Grant of restricted stock, net of forfeitures	38	11,637	—	—	(2,507)	9,168	—	9,168
Balance at December 31, 2012	73,904	9,920,962	23,354	(777,927)	(221,165)	9,019,128	70,235	9,089,363
Net income	—	—	—	112,193	—	112,193	905	113,098
Other comprehensive loss	—	—	(1,526)	—	—	(1,526)	—	(1,526)
Acquisition-related activity	—	(649)	—	—	—	(649)	2,596	1,947
Net change in noncontrolling interest	—	—	—	—	—	—	(2,456)	(2,456)
Dividends to common stockholders—\$0.67 per share	—	—	—	(195,700)	—	(195,700)	—	(195,700)
Issuance of common stock	18	5,032	—	—	—	5,050	—	5,050
Issuance of common stock for stock plans	—	525	—	—	2,862	3,387	—	3,387
Change in redeemable noncontrolling interest	—	(7,182)	—	—	—	(7,182)	183	(6,999)
Adjust redeemable OP unitholder interests to current fair value	—	(17,057)	—	—	—	(17,057)	—	(17,057)
Purchase of OP units	—	(58)	—	—	—	(58)	—	(58)
Grant of restricted stock, net of forfeitures	47	3,121	—	—	(5,406)	(2,238)	—	(2,238)
Balance at March 31, 2013	<u>\$ 73,969</u>	<u>\$ 9,904,694</u>	<u>\$ 21,828</u>	<u>\$ (861,434)</u>	<u>\$ (223,709)</u>	<u>\$ 8,915,348</u>	<u>\$ 71,463</u>	<u>\$ 8,986,811</u>

See accompanying notes.

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

	For the Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 113,098	\$ 90,092
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amounts in discontinued operations)	186,943	164,636
Amortization of deferred revenue and lease intangibles, net	(3,310)	(5,160)
Other non-cash amortization	(5,329)	(10,108)
Change in fair value of financial instruments	25	33
Stock-based compensation	5,662	4,834
Straight-lining of rental income, net	(7,865)	(4,890)
Loss on extinguishment of debt, net	—	29,544
Gain on real estate dispositions, net (including amounts in discontinued operations)	(477)	(40,233)
(Gain) loss on real estate loan investments	(340)	559
Income tax expense (including amounts in discontinued operations)	1,744	11,305
Loss (income) from unconsolidated entities	312	(317)
Gain on re-measurement of equity interest upon acquisition, net	(1,241)	—
Other	2,880	3,049
Changes in operating assets and liabilities:		
(Increase) decrease in other assets	(10,459)	1,275
Increase in accrued interest	10,530	20,452
Decrease in accounts payable and other liabilities	(61,868)	(20,110)
Net cash provided by operating activities	230,305	244,961
Cash flows from investing activities:		
Net investment in real estate property	(56,175)	(500)
Purchase of noncontrolling interest	(3,186)	—
Investment in loans receivable	(2,789)	(22,473)
Proceeds from real estate disposals	11,250	8,847
Proceeds from loans receivable	146,394	17,244
Funds held in escrow for future development expenditures	5,440	—
Development project expenditures	(21,588)	(31,274)
Capital expenditures	(19,795)	(10,019)
Other	(78)	(2,137)
Net cash provided by (used in) investing activities	59,473	(40,312)
Cash flows from financing activities:		
Net change in borrowings under revolving credit facility	(375,916)	(382,398)
Proceeds from debt	916,871	667,330
Repayment of debt	(635,793)	(298,801)
Payment of deferred financing costs	(13,808)	(1,793)
Issuance of common stock, net	5,050	—
Cash distribution to common stockholders	(195,700)	(179,253)
Cash distribution to redeemable OP unitholders	(1,151)	(1,112)
Purchases of redeemable OP units	(108)	(233)
Distributions to noncontrolling interest	(1,450)	(1,592)
Other	2,058	565
Net cash used in financing activities	(299,947)	(197,287)
Net (decrease) increase in cash and cash equivalents	(10,169)	7,362
Effect of foreign currency translation on cash and cash equivalents	(49)	55
Cash and cash equivalents at beginning of period	67,908	45,807
Cash and cash equivalents at end of period	\$ 57,690	\$ 53,224

See accompanying notes.

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

	For the Three Months Ended March 31,	
	2013	2012
Supplemental schedule of non-cash activities:		
Assets and liabilities assumed from acquisitions:		
Real estate investments	\$ 8,839	\$ 54,881
Utilization of funds held for an Internal Revenue Code Section 1031 exchange	—	(37,799)
Other assets acquired	668	(5,126)
Debt assumed	—	17,734
Other liabilities	6,422	(6,989)
Deferred income tax liability	1,532	—
Noncontrolling interests	1,553	(3,115)
Equity issued	—	4,326
Debt transferred on the sale of assets	—	14,535

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”), an S&P 500 company, is a real estate investment trust (“REIT”) with a highly diversified portfolio of seniors housing and healthcare properties throughout the United States and Canada. As of March 31, 2013, we owned more than 1,400 properties, including seniors housing communities, skilled nursing and other facilities, medical office buildings (“MOBs”), and hospitals, in 46 states, the District of Columbia and two Canadian provinces, and we had two new properties under development. Our company is currently headquartered in Chicago, Illinois.

We primarily acquire and own seniors housing and healthcare properties and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of March 31, 2013, we leased 890 properties (excluding MOBs and properties classified as held for sale) to various healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures. Kindred Healthcare, Inc. (together with its subsidiaries, “Kindred”) and Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”) leased from us 182 properties and 148 properties (excluding six properties included in investments in unconsolidated entities), respectively, as of March 31, 2013. As of March 31, 2013, we also engaged independent operators, such as Atria Senior Living, Inc. (“Atria”) and Sunrise Senior Living, LLC (together with its subsidiaries, “Sunrise”), to manage 222 of our seniors housing communities (excluding properties classified as held for sale) pursuant to long-term management agreements.

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

NOTE 2—ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information set forth in the Accounting Standards Codification (“ASC”), as published by the Financial Accounting Standards Board (“FASB”), and with the Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. 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, 2012, filed with the SEC on February 19, 2013. Certain prior period amounts have been reclassified to conform to the current period presentation.

Principles of Consolidation

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

GAAP requires us to identify entities for which control is achieved through means other than voting rights and to determine which business enterprise is the primary beneficiary of variable interest entities (“VIEs”). A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate investments in VIEs when we are determined to be the primary beneficiary of the VIE. We may change our original assessment of a VIE due to events such as modifications of contractual arrangements that affect the characteristics or adequacy of the entity’s equity investments at risk and the disposal of all or a portion of an interest held by the primary beneficiary.

We identify the primary beneficiary of a VIE as the enterprise that has both: (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the entity. We perform this analysis on an ongoing basis. At March 31, 2013, we did not have any unconsolidated VIEs.

As it relates to investments in joint ventures, based on the type of rights held by the limited partner(s), GAAP may preclude consolidation by the sole general partner in certain circumstances in which the general partner would otherwise consolidate the joint venture. We assess limited partners' rights and their impact on the presumption of control of the limited partnership by the sole general partner when an investor becomes the sole general partner, and we reassess if: there is a change to the terms or in the exercisability of the rights of the limited partners; the sole general partner increases or decreases its ownership of limited partnership interests; or there is an increase or decrease in the number of outstanding limited partnership interests. We also apply this guidance to managing member interests in limited liability companies.

Redeemable OP Unitholder and Noncontrolling Interests

In connection with our acquisition of Nationwide Health Properties, Inc. ("NHP") in July 2011, we acquired a majority interest in NHP/PMB L.P. ("NHP/PMB"), a limited partnership formed in 2008 to acquire properties from entities affiliated with Pacific Medical Buildings LLC. We consolidate NHP/PMB, as our wholly owned subsidiary is the general partner and exercises control of the partnership. As of March 31, 2013, third party investors owned 2,255,629 Class A limited partnership units in NHP/PMB ("OP Units"), which represented 27.0% of the total units then outstanding, and we owned 6,101,930 Class B limited partnership units in NHP/PMB, representing the remaining 73.0%. At any time following the first anniversary of the date of their issuance, the OP Units may be redeemed at the election of the holder for cash or, at our option, 0.7866 shares of our common stock per unit, subject to adjustment in certain circumstances. We are party by assumption to a registration rights agreement with the holders of the OP Units that requires us, subject to the terms and conditions set forth therein, to file and maintain a registration statement relating to the issuance of shares of our common stock upon redemption of OP Units.

As redemption rights are beyond our control, the redeemable OP unitholder interests are classified outside of permanent equity on our Consolidated Balance Sheets. We applied the provisions of ASC Topic 480, *Distinguishing Liabilities from Equity*, to reflect the redeemable OP unitholder interests at the greater of cost or fair value. As of March 31, 2013 and December 31, 2012, the fair value of the redeemable OP unitholder interests was \$129.8 million and \$114.9 million, respectively. We recognize changes in fair value through capital in excess of par value, net of cash distributions paid and purchases by us of any OP Units. Our diluted earnings per share ("EPS") includes the effect of any potential shares outstanding from redemption of the OP Units.

Certain noncontrolling interests of other consolidated joint ventures were also classified as redeemable at March 31, 2013 and December 31, 2012. Accordingly, we record the carrying amount of these noncontrolling interests at the greater of (i) their initial carrying amount, increased or decreased for the noncontrolling interest's share of net income or loss and distributions, or (ii) the redemption value. With respect to these joint ventures, our joint venture partner has certain redemption rights that are beyond our control and the redeemable noncontrolling interests are classified outside of permanent equity on our Consolidated Balance Sheets. We recognize changes in carrying value of redeemable noncontrolling interests through capital in excess of par value.

Noncontrolling Interests

Other than redeemable noncontrolling interests described above, we present the portion of any equity that we do not own in entities that we control (and thus consolidate) as noncontrolling interests and classify those interests as a component of consolidated equity, separate from total Ventas stockholders' equity, on our Consolidated Balance Sheets. For earnings of consolidated joint ventures with pro rata distribution allocations, net income or loss is allocated between the partners in the joint venture based on their respective stated ownership percentages. In other instances, net income or loss is allocated between the partners in the joint venture based on the hypothetical liquidation at book value method (the "HLBV method"). We account for purchases or sales of equity interests that do not result in a change of control as equity transactions, through capital in excess of par value. In addition, we include net income attributable to the noncontrolling interests in net income in our Consolidated Statements of Income.

Fair Values of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement, and we determine fair value based on the assumptions that we expect market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that

are classified within levels one and two of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level three of the hierarchy).

Level one inputs utilize unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access. Level two inputs are inputs other than quoted prices included in level one that are directly or indirectly observable for the asset or liability. Level two inputs may include quoted prices for similar assets and liabilities in active markets, as well as other 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 our 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 the lowest level input that is significant to the fair value measurement in its entirety. If the volume and level of market activity for an asset or liability has decreased significantly relative to the normal market activity for such asset or liability (or similar assets or liabilities), then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that a transaction for an asset or liability is not orderly, little, if any, weight is placed on that transaction price as an indicator of fair value. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

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

- *Cash and cash equivalents* - The carrying amount of unrestricted cash and cash equivalents reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.
- *Loans receivable* - We estimate the fair value of loans receivable using level two and level three inputs: we discount future cash flows using current interest rates at which similar loans with the same maturities and same terms would be made to borrowers with similar credit ratings. Additionally, we determine the valuation allowance for losses, if any, on loans receivable using level three inputs.
- *Derivative instruments* - With the assistance of a third party, we estimate the fair value of derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, using level two inputs: for interest rate caps, we observe forward yield curves and other relevant information; for interest rate swaps, we observe alternative financing rates derived from market-based financing rates, forward yield curves and discount rates; and for foreign currency forward contracts, we estimate the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculate a present value of the net amount using a discount factor based on observable traded interest rates.
- *Senior notes payable and other debt* - We estimate the fair value of senior notes payable and other debt using level two inputs: we discount the future cash flows using current interest rates at which we could obtain similar borrowings.
- *Redeemable OP unitholder interests* - We estimate the fair value of the OP Units using level two inputs: we base fair value on the closing price of our common stock, as units may be redeemed at the election of the holder for cash or, at our option, 0.7866 shares of our common stock per unit, subject to adjustment in certain circumstances.

Revenue Recognition

Triple-Net Leased Properties and MOB Operations

Certain of our triple-net leases, including a majority of the leases we acquired in connection with the NHP acquisition, and most 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 applicable lease term when collectability is reasonably assured. Recognizing rental income on a straight-line basis generally results in recognized revenues during the first half of a lease term exceeding the cash amounts contractually due from our tenants, creating a straight-line rent receivable that is included in other assets on our Consolidated Balance Sheets. At March 31, 2013 and December 31, 2012, this cumulative excess (net of allowances) totaled \$128.2 million and \$120.3 million, respectively.

Four of our five master lease agreements with Kindred (the "Kindred Master Leases") and certain of our other leases provide for periodic increases in base rent only if certain revenue parameters or other substantive contingencies are met. We recognize the increased rental revenue under these leases as the related parameters or contingencies are met, rather than on a straight-line basis over the applicable lease term.

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 12 months to 18 months and are cancelable by the resident upon 30 days' notice.

Other

We recognize interest income from loans, including discounts and premiums, using the effective interest method when collectibility is reasonably assured. We apply the effective interest method on a loan-by-loan basis and recognize discounts and premiums as yield adjustments over the related loan term. We recognize interest income on an impaired loan to the extent our estimate of the fair value of the collateral is sufficient to support the balance of the loan, other receivables and all related accrued interest. When the balance of the loan, other receivables and all related accrued interest is equal to our estimate of the fair value of the collateral, we recognize interest income on a cash basis. We provide a reserve against an impaired loan to the extent our total investment in the loan exceeds our estimate of the fair value of the loan collateral.

We recognize income from rent, lease termination fees, development services, 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.

Allowances

We assess the collectibility of our rent receivables, including straight-line rent receivables, and we defer recognition of revenue if collectibility is not reasonably assured. We base our assessment of the collectibility of rent receivables (other than straight-line rent receivables) on several factors, including, among other things, payment history, the financial strength of the tenant and any guarantors, the value of the underlying collateral, if any, and current economic conditions. If our evaluation of these factors indicates it is probable that we will be unable to recover the full value of the receivable, we provide a reserve against the portion of the receivable that we estimate may not be recovered. We base our assessment of the collectibility of straight-line rent receivables on several factors, including, among other things, the financial strength of the tenant and any guarantors, the historical operations and operating trends of the property, the historical payment pattern of the tenant, and the type of property. If our evaluation of these factors indicates it is probable that we will be unable to receive the rent payments due in the future, we defer recognition of the straight-line rental revenue and, in certain circumstances, provide a reserve against the previously recognized straight-line rent receivable asset for the portion, up to its full value, that we estimate may not be recovered. If we change our assumptions or estimates regarding the collectibility of future rent payments required by a lease, we may adjust our reserve to increase or reduce the rental revenue recognized and/or to increase or reduce the reserve against the previously recognized straight-line rent receivable asset.

Recently Issued or Adopted Accounting Standards

In January 2013, the FASB issued Accounting Standards Update 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Comprehensive Income* ("ASU 2013-02"), which requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income within the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about the reclassified amounts. We adopted the provisions of ASU 2013-02 on January 1, 2013, and the adoption of this update did not have a significant impact on our consolidated financial statements or disclosures.

NOTE 3—CONCENTRATION OF CREDIT RISK

As of March 31, 2013, Atria, Sunrise, Brookdale Senior Living and Kindred managed or operated approximately 18.0%, 14.8%, 10.5% and 4.0%, respectively, of our real estate investments based on their gross book value (excluding properties classified as held for sale as of March 31, 2013). Seniors housing communities constituted approximately 61.5% of our real estate portfolio based on gross book value as of March 31, 2013, and skilled nursing and other facilities, MOBs and hospitals collectively comprised the remaining 38.5% (excluding properties classified as held for sale as of March 31, 2013). Our properties were located in 46 states, the District of Columbia and two Canadian provinces as of March 31, 2013, with properties in two states (California and New York) accounting for more than 10% of our total revenues and properties in one state (California) accounting for more than 10% 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) (in each case excluding amounts in discontinued operations) for the three months then ended.

Triple-Net Leased Properties

For the three months ended March 31, 2013 and 2012, approximately 9.3% and 11.1%, respectively, of our total revenues and 15.4% and 18.1%, respectively, of our total NOI (in each case excluding amounts in discontinued operations) were derived from our lease agreements with Kindred. For the same periods, approximately 5.8% and 7.0%, respectively, of our total revenues and 9.5% and 11.4%, respectively, of our total NOI (in each case excluding amounts in discontinued operations) 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 that obligates the tenant to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and to comply with the terms of the mortgage financing documents, if any, affecting the properties. In addition, each of these leases has guaranty and cross-default provisions tied to other leases with the same tenant, as well as bundled lease renewals.

Because the properties we lease to Kindred and Brookdale Senior Living account for a significant portion of our total revenues and NOI, our financial condition and results of operations could be weakened and our ability to service our indebtedness and to make distributions to our stockholders could be limited if either Kindred or Brookdale Senior Living becomes unable or unwilling to satisfy its obligations to us or to renew its leases with us upon expiration of the terms thereof. 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 respective obligations to us, and any inability or unwillingness by Kindred or Brookdale Senior Living to do so could have a material adverse effect on our business, financial condition, results of operations and liquidity, our ability to service our indebtedness and other obligations and 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 respective leases with us upon expiration of their terms or that we will be able to reposition any properties that are not renewed on a timely basis or on the same or better economic terms, if at all.

Senior Living Operations

As of March 31, 2013, Atria and Sunrise, collectively, provided comprehensive property management and accounting services with respect to 220 of our seniors housing communities, for which we pay annual management fees pursuant to long-term management agreements.

Because Atria and Sunrise manage, but do not lease, our properties, we are not directly exposed to their credit risk in the same manner or to the same extent as our triple-net tenants. However, we rely on our managers' personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our seniors housing communities efficiently and effectively. We also rely on our managers to set resident fees and otherwise operate those properties in compliance with the terms of our management agreements. Although we have various rights as the property owner under our management agreements, including various rights to terminate and exercise remedies under the agreements as provided therein, Atria's or Sunrise's inability or unwillingness to satisfy its obligations under those agreements, to efficiently and effectively manage our properties or to provide timely and accurate accounting information with respect thereto could have a Material Adverse Effect on us. In addition, significant changes in Atria's or Sunrise's senior management or any adverse developments in their businesses and affairs or financial condition could have a Material Adverse Effect on us.

Our 34% ownership interest in Atria entitles us to certain rights and minority protections regarding material transactions affecting Atria, as well as the right to appoint two directors to the Atria Board of Directors.

Kindred, Brookdale Senior Living, Atria and Sunrise Information

Each of Kindred and Brookdale Senior Living 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 and Brookdale Senior Living contained or referred to in this Quarterly Report on Form 10-Q has been derived from SEC filings made by Kindred or Brookdale Senior Living, as the case may be, or other publicly available information, or was provided to us by Kindred or Brookdale Senior Living, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred's and Brookdale Senior Living's publicly available filings, which can be found on the SEC's website at www.sec.gov.

Neither Atria nor Sunrise is currently subject to the reporting requirements of the SEC. The information related to Atria and Sunrise contained or referred to within this Quarterly Report on Form 10-Q has been derived from publicly available information or was provided to us by Atria or Sunrise, as the case may be, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy.

NOTE 4—DISPOSITIONS

2013 Dispositions

During the three months ended March 31, 2013 , we sold seven properties for aggregate consideration of \$11.5 million , including lease termination fees of \$0.3 million , and recognized a net gain on the sales of these assets of \$0.5 million .

2012 Dispositions

Triple-Net Leased Properties

During 2012, we sold 36 seniors housing communities (ten of which were pursuant to the exercise of tenant purchase options) and two skilled nursing facilities for aggregate consideration of \$318.9 million , including fees of \$5.0 million , and recognized a net gain on the sales of these assets of \$81.0 million . We deposited a majority of the proceeds from the sale of 21 seniors housing communities in an Internal Revenue Code of 1986, as amended (the “Code”), Section 1031 exchange escrow account with a qualified intermediary, and we used approximately \$134.5 million of these proceeds for certain of our seniors housing communities and MOB acquisitions during 2012. As of December 31, 2012, no proceeds remained in the Section 1031 exchange escrow account related to these sales.

Senior Living Operations

In June 2012, we declined to exercise our renewal option on the operating leases (in which we were the lessee) related to two seniors housing communities we acquired as part of our 2011 acquisition of the real estate assets of Atria Senior Living Group, Inc. that expired on June 30, 2012.

MOB Operations

During 2012, we sold five MOBs for aggregate consideration of \$27.2 million and recognized a gain on the sales of these assets of \$4.5 million .

Discontinued Operations

We present separately, as discontinued operations in all periods presented, the results of operations for all assets classified as held for sale as of March 31, 2013, and all assets disposed of and all operating leases (under which we were the lessee) not renewed during the period from January 1, 2012 through March 31, 2013. Set forth below is a summary of our results of operations for properties within discontinued operations for the three months ended March 31, 2013 and 2012. As of March 31, 2013, we classified 22 properties as assets held for sale, included within other assets on our Consolidated Balance Sheets.

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Revenues:		
Rental income	\$ 2,073	\$ 9,458
Resident fees and services	618	2,611
Interest and other income	—	1,822
	<u>2,691</u>	<u>13,891</u>
Expenses:		
Interest	729	3,520
Depreciation and amortization	7,926	4,215
Property-level operating expenses	664	2,475
General, administrative and professional fees	—	3
Other	(524)	580
	<u>8,795</u>	<u>10,793</u>
(Loss) income before income taxes and gain on sale of real estate assets	(6,104)	3,098
Income tax benefit	—	33
Gain on real estate dispositions, net	477	40,233
Discontinued operations	<u>\$ (5,627)</u>	<u>\$ 43,364</u>

NOTE 5—LOANS RECEIVABLE

As of March 31, 2013 and December 31, 2012, we had \$555.1 million and \$697.1 million, respectively, of net loans receivable relating to seniors housing and healthcare operators or properties.

In December 2012, we made a secured loan in the aggregate principal amount of \$375.0 million, bearing interest at a fixed rate of 8.0% per annum and maturing in 2017. In March 2013, we sold a pari passu portion of the loan receivable to a third party. Under the terms of the loan agreement, we act as the administrative agent for the loan and will continue to receive the stated interest rate on our remaining loan receivable balance. No gain or loss was recognized from this transaction.

During the three months ended March 31, 2013, we received aggregate proceeds of \$22.7 million in final repayment of two secured loans receivable.

NOTE 6—INVESTMENTS IN UNCONSOLIDATED ENTITIES

We report investments in unconsolidated entities over whose operating and financial policies we have the ability to exercise significant influence under the equity method of accounting. We are not required to consolidate these entities, as our joint venture partners have significant participating rights, nor are these entities considered VIEs, as they are controlled by equity holders with sufficient capital. At March 31, 2013 and December 31, 2012, we owned interests (ranging between 5% and 25%) in 53 properties and 55 properties, respectively, that were accounted for under the equity method of accounting, and we owned a 34% interest in Atria.

With the exception of our interest in Atria, we serve as the managing member of each unconsolidated entity and provide various services in exchange for fees and reimbursements. Total management fees earned in connection with these entities were \$1.5 million and \$1.8 million for the three months ended March 31, 2013 and 2012, respectively.

In March 2013, we acquired the 95% controlling interests owned by our joint venture partner in two MOBs for approximately \$55.2 million. Prior to this acquisition, our equity method investment in these joint ventures was approximately

\$0.2 million . In connection with our acquisition of the controlling interests, we determined the fair value of our previously held equity interest at the acquisition date to be approximately \$1.5 million and thus recognized a net gain of \$1.3 million , which is included in income from unconsolidated entities in our Consolidated Statements of Income. Operations relating to these properties are now consolidated in our Consolidated Statements of Income.

NOTE 7—INTANGIBLES

The following is a summary of our intangibles as of March 31, 2013 and December 31, 2012 :

	March 31, 2013		December 31, 2012	
	Balance	Remaining Weighted Average Amortization Period in Years	Balance	Remaining Weighted Average Amortization Period in Years
(Dollars in thousands)				
Intangible assets:				
Above market lease intangibles	\$ 214,863	9.4	\$ 215,367	9.5
In-place and other lease intangibles	769,159	23.8	766,337	23.3
Other intangibles	33,103	8.6	33,378	8.6
Accumulated amortization	(382,004)	N/A	(352,692)	N/A
Goodwill	457,598	N/A	490,452	N/A
Net intangible assets	<u>\$ 1,092,719</u>	19.6	<u>\$ 1,152,842</u>	19.3
Intangible liabilities:				
Below market lease intangibles	\$ 429,633	15.2	\$ 429,907	15.3
Other lease intangibles	28,540	15.8	28,966	15.8
Accumulated amortization	(88,442)	N/A	(78,560)	N/A
Purchase option intangibles	36,048	N/A	36,048	N/A
Net intangible liabilities	<u>\$ 405,779</u>	15.2	<u>\$ 416,361</u>	15.3

N/A—Not Applicable.

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, other lease intangibles and purchase option intangibles are included in accounts payable and other liabilities on our Consolidated Balance Sheets.

NOTE 8—OTHER ASSETS

The following is a summary of our other assets as of March 31, 2013 and December 31, 2012 :

	March 31, 2013	December 31, 2012
(In thousands)		
Straight-line rent receivables, net	\$ 128,212	\$ 120,325
Unsecured loans receivable, net	65,009	62,118
Goodwill and other intangibles, net	481,038	515,429
Assets held for sale	122,684	111,556
Other	118,883	112,257
Total other assets	<u>\$ 915,826</u>	<u>\$ 921,685</u>

NOTE 9—SENIOR NOTES PAYABLE AND OTHER DEBT

The following is a summary of our senior notes payable and other debt as of March 31, 2013 and December 31, 2012 :

	March 31, 2013	December 31, 2012
	(In thousands)	
Unsecured revolving credit facility	\$ 164,734	\$ 540,727
6.25% Senior Notes due 2013	—	269,850
Unsecured term loan due 2015(1)	127,282	130,336
3.125% Senior Notes due 2015	400,000	400,000
6% Senior Notes due 2015	234,420	234,420
Unsecured term loan due 2017(1)	375,000	375,000
Unsecured term loan due 2018	180,000	180,000
2.00% Senior Notes due 2018	700,000	700,000
4.00% Senior Notes due 2019	600,000	600,000
2.700% Senior Notes due 2020	500,000	—
4.750% Senior Notes due 2021	700,000	700,000
4.25% Senior Notes due 2022	600,000	600,000
3.25% Senior Notes due 2022	500,000	500,000
6.90% Senior Notes due 2037	52,400	52,400
6.59% Senior Notes due 2038	22,973	22,973
5.45% Senior Notes due 2043	258,750	—
Mortgage loans and other(2)	2,814,030	2,880,609
Total	8,229,589	8,186,315
Capital lease obligations	—	142,412
Unamortized fair value adjustment	92,465	111,623
Unamortized discounts	(26,146)	(26,704)
Senior notes payable and other debt	<u>\$ 8,295,908</u>	<u>\$ 8,413,646</u>

- (1) These amounts represent in aggregate the approximate \$500.0 million of borrowings outstanding under our unsecured term loan facility. Certain amounts included in the 2015 tranche are in the form of Canadian dollar borrowings.
- (2) Excludes debt related to a real estate asset classified as held for sale as of March 31, 2013 and December 31, 2012 , respectively. The total mortgage debt for this property as of March 31, 2013 and December 31, 2012 was \$23.0 million and \$23.2 million , respectively, and is included in accounts payable and other liabilities on our Consolidated Balance Sheets.

As of March 31, 2013, our indebtedness had the following maturities:

	Principal Amount Due at Maturity	Unsecured Revolving Credit Facility(1)	Scheduled Periodic Amortization	Total Maturities(1)
	(In thousands)			
2013(2)	\$ 190,394	\$ —	\$ 38,749	\$ 229,143
2014	292,698	—	47,735	340,433
2015	1,068,219	164,734	38,392	1,271,345
2016	410,917	—	31,204	442,121
2017	922,714	—	18,995	941,709
Thereafter(3)	4,851,972	—	152,866	5,004,838
Total maturities	<u>\$ 7,736,914</u>	<u>\$ 164,734</u>	<u>\$ 327,941</u>	<u>\$ 8,229,589</u>

- (1) At March 31, 2013, we had \$57.7 million of unrestricted cash and cash equivalents, for \$107.0 million of net borrowings outstanding under our unsecured revolving credit facility. Borrowings under our unsecured revolving credit facility mature on October 16, 2015, but may be extended for an additional period of one year at our option, subject to the satisfaction of certain conditions.
- (2) Excludes \$23.0 million of mortgage debt related to a real estate asset classified as held for sale as of March 31, 2013 that is scheduled to mature in 2013.
- (3) Includes \$52.4 million aggregate principal amount of our 6.90% senior notes due 2037 that is subject to repurchase, at the option of the holders, on October 1 in each of the years 2017 and 2027, and \$23.0 million aggregate principal amount of 6.59% senior notes due 2038 that is subject to repurchase, at the option of the holders, on July 7 in each of the years 2013, 2018, 2023 and 2028.

Unsecured Revolving Credit Facility and Term Loans

We have \$2.0 billion of aggregate borrowing capacity under our unsecured revolving credit facility, which may be increased to up to \$2.5 billion at our option, subject to the satisfaction of certain conditions, and includes sublimits of (a) up to \$200 million for letters of credit, (b) up to \$200 million for swingline loans, (c) up to \$250 million for loans in certain alternative currencies, and (d) up to 50% of the facility for certain negotiated rate loans. Borrowings under our unsecured revolving credit facility bear interest at a fluctuating rate per annum (based on the applicable LIBOR for Eurocurrency rate loans and the higher of (i) the federal funds rate plus 0.50%, (ii) the administrative agent's prime rate and (iii) the applicable LIBOR plus 1.0% for base rate loans, plus, in each case, a spread based on our senior unsecured long-term debt ratings). We also pay a facility fee ranging from 15 to 45 basis points per annum (based on our senior unsecured long-term debt ratings) on the aggregate revolving commitments under our unsecured revolving credit facility. At March 31, 2013, the applicable spread was 110 basis points for Eurocurrency rate loans and 10 basis points for base rate loans and the facility fee was 17.5 basis points. Borrowings under our unsecured revolving credit facility mature on October 16, 2015, but may be extended for an additional period of one year at our option, subject to the satisfaction of certain conditions.

At March 31, 2013, we had \$164.7 million of borrowings outstanding, \$3.2 million of outstanding letters of credit and \$1.83 billion of available borrowing capacity under our unsecured revolving credit facility.

Senior Notes

In February 2013, we repaid in full, at par, \$269.9 million principal amount then outstanding of our 6.25% senior notes due 2013 upon maturity.

In March 2013, we issued and sold: \$258.8 million aggregate principal amount of 5.45% senior notes due 2043, at a public offering price equal to par, for total proceeds of \$258.8 million before any underwriting discounts and expenses; and \$500.0 million aggregate principal amount of 2.700% senior notes due 2020, at a public offering price equal to 99.942% of par, for total proceeds of \$499.7 million before any underwriting discounts and expenses.

Capital Leases

As of December 31, 2012, we leased eight seniors housing communities pursuant to arrangements that were accounted for as capital leases. In January 2013, we acquired these facilities for aggregate consideration of \$145.0 million, thereby eliminating our capital lease obligation.

NOTE 10—FAIR VALUES OF FINANCIAL INSTRUMENTS

As of March 31, 2013 and December 31, 2012 , the carrying amounts and fair values of our financial instruments were as follows:

	March 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In thousands)				
Assets:				
Cash and cash equivalents	\$ 57,690	\$ 57,690	\$ 67,908	\$ 67,908
Secured loans receivable, net	490,107	487,814	635,002	636,714
Unsecured loans receivable, net	65,009	67,767	62,118	65,146
Liabilities:				
Senior notes payable and other debt, gross	8,229,589	8,578,726	8,186,315	8,600,450
Derivative instruments and other liabilities	25,380	25,380	45,966	45,966
Redeemable OP unitholder interests	129,773	129,773	114,933	114,933

Fair value estimates are subjective in nature and based 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.

NOTE 11—LITIGATION

Litigation Relating to the Cogdell Acquisition

In the weeks following the announcement of our acquisition of Cogdell Spencer Inc. (together with its subsidiaries, “Cogdell”) on December 27, 2011, purported stockholders of Cogdell filed seven lawsuits against Cogdell and its directors. Each of these lawsuits also named Ventas, Inc. as a defendant, and certain of the lawsuits also named our subsidiaries, TH Merger Corp, Inc. and TH Merger Sub, LLC, as defendants. Plaintiffs commenced these actions in two jurisdictions: the Superior Court of the State of North Carolina, Mecklenburg County; and the Circuit Court for Baltimore City, Maryland (the “Maryland State Court”).

On February 29, 2012, we and Cogdell agreed on a settlement in principle with the plaintiffs in the Maryland and North Carolina actions, pursuant to which Cogdell agreed to make certain supplemental disclosures to stockholders concerning the merger. Cogdell made the supplemental disclosures on February 29, 2012. The parties executed a Stipulation of Settlement and Release on December 26, 2012, which was approved by the Maryland State Court on March 25, 2013.

Proceedings against Tenants, Operators and Managers

From time to time, Kindred, Brookdale Senior Living, Atria, Sunrise 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 generally 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 for which third parties are contractually obligated to indemnify, defend and hold us harmless. The tenants of our triple-net leased properties and, in some cases, their affiliates 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 and, in some cases, their affiliates 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 acquired assets and arising prior to our ownership or related to excluded

assets and liabilities. In some cases, a portion of the purchase price consideration is held in escrow for a specified period of time as collateral for these indemnification obligations. We are presently being defended by certain tenants and other obligated third parties in these types of matters. We cannot assure you that our tenants, their affiliates or other obligated third parties will continue to defend us in these matters, that our tenants, 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 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 11, 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 12—INCOME TAXES

We have elected to be taxed as a REIT under the applicable provisions of the Code for every year beginning 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. All entities other than the TRS entities are collectively referred to as "the REIT" within this Note 12.

Although the TRS entities have paid minimal cash federal income taxes for the three months ended March 31, 2013, their federal income tax liabilities may increase in future periods as we exhaust net operating loss ("NOL") carryforwards and as our senior living operations reportable business segment grows. Such increases could be significant.

Our consolidated provision for income taxes for the three months ended March 31, 2013 and 2012 was an expense of \$1.7 million and \$11.3 million, respectively. The income tax expense for the three months ended March 31, 2013 is due primarily to additions to income tax contingency reserves. The income tax expense for the three months ended March 31, 2012 was due primarily to a valuation allowance recorded against certain deferred tax assets.

Realization of a deferred tax benefit related to NOLs depends in part upon generating sufficient taxable income in future periods. Our NOL carryforwards begin to expire in 2024 with respect to our TRS entities and in 2016 for the REIT.

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 \$261.2 million and \$257.0 million as of March 31, 2013 and December 31, 2012, respectively, and related primarily to differences between the financial reporting and tax bases of fixed and intangible assets and to NOLs.

Generally, we are subject to audit under the statute of limitations by the Internal Revenue Service for the year ended December 31, 2009 and subsequent years and are subject to audit by state taxing authorities for the year ended December 31, 2008 and subsequent years. We are also subject to audit by the Canada Revenue Agency and provincial authorities generally for periods subsequent to 2007 related to entities acquired or formed in connection with our 2007 acquisition of Sunrise Senior Living Real Estate Investment Trust.

NOTE 13—STOCKHOLDERS' EQUITY

In March 2013, we established an "at-the-market" ("ATM") equity offering program through which we may sell from time to time up to an aggregate of \$750 million of our common stock. During the three months ended March 31, 2013, we issued and sold a total of 72,300 shares of common stock under the program for aggregate net proceeds of \$5.1 million, after sales agent commissions of \$0.1 million. As of March 31, 2013, approximately \$744.8 million of our common stock remained available for sale under our ATM equity offering program.

Accumulated Other Comprehensive Income

The following is a summary of our accumulated other comprehensive income as of March 31, 2013 and December 31, 2012 :

	March 31, 2013	December 31, 2012
	(In thousands)	
Foreign currency translation	\$ 21,350	\$ 23,441
Unrealized gain on marketable debt securities	868	807
Other	(390)	(894)
Total accumulated other comprehensive income	<u>\$ 21,828</u>	<u>\$ 23,354</u>

NOTE 14—EARNINGS PER COMMON SHARE

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

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share amounts)	
Numerator for basic and diluted earnings per share:		
Income from continuing operations attributable to common stockholders	\$ 117,820	\$ 47,262
Discontinued operations	(5,627)	43,364
Net income attributable to common stockholders	<u>\$ 112,193</u>	<u>\$ 90,626</u>
Denominator:		
Denominator for basic earnings per share—weighted average shares	291,455	288,375
Effect of dilutive securities:		
Stock options	573	512
Restricted stock awards	120	64
OP units	1,776	1,862
Denominator for diluted earnings per share—adjusted weighted average shares	<u>293,924</u>	<u>290,813</u>
Basic earnings per share:		
Income from continuing operations attributable to common stockholders	\$ 0.40	\$ 0.16
Discontinued operations	(0.02)	0.15
Net income attributable to common stockholders	<u>\$ 0.38</u>	<u>\$ 0.31</u>
Diluted earnings per share:		
Income from continuing operations attributable to common stockholders	\$ 0.40	\$ 0.16
Discontinued operations	(0.02)	0.15
Net income attributable to common stockholders	<u>\$ 0.38</u>	<u>\$ 0.31</u>

NOTE 15—SEGMENT INFORMATION

As of March 31, 2013 , we operated through three reportable business segments: triple-net leased properties, senior living operations and MOB operations. Under our triple-net leased properties segment, we acquire and own seniors housing and healthcare properties throughout the United States and lease those properties to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses. Under our senior living operations segment, we invest in seniors housing communities throughout the United States and Canada and engage independent operators, such as Atria and Sunrise, to manage those communities. Under our MOB operations segment, we primarily acquire, own, develop, lease and manage MOBs. Information provided for “all other” includes 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, loans receivable and miscellaneous accounts receivable.

We evaluate performance of the combined properties in each reportable business segment based on segment profit, which we define as NOI adjusted for income/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 other financial data included elsewhere in this Quarterly Report on Form 10-Q.

Interest expense, depreciation and amortization, general, administrative and professional fees, income tax expense, discontinued operations and other 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 March 31, 2013 :

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations	All Other	Total
	(In thousands)				
Revenues:					
Rental income	\$ 213,763	\$ —	\$ 111,146	\$ —	\$ 324,909
Resident fees and services	—	339,170	—	—	339,170
Medical office building and other services revenue	1,111	—	2,537	—	3,648
Income from loans and investments	—	—	—	16,103	16,103
Interest and other income	—	—	—	1,038	1,038
Total revenues	<u>\$ 214,874</u>	<u>\$ 339,170</u>	<u>\$ 113,683</u>	<u>\$ 17,141</u>	<u>\$ 684,868</u>
Total revenues	\$ 214,874	\$ 339,170	\$ 113,683	\$ 17,141	\$ 684,868
Less:					
Interest and other income	—	—	—	1,038	1,038
Property-level operating expenses	—	230,908	36,541	—	267,449
Medical office building services costs	—	—	1,639	—	1,639
Segment NOI	214,874	108,262	75,503	16,103	414,742
Income (loss) from unconsolidated entities	187	(600)	1,342	—	929
Segment profit	<u>\$ 215,061</u>	<u>\$ 107,662</u>	<u>\$ 76,845</u>	<u>\$ 16,103</u>	415,671
Interest and other income					1,038
Interest expense					(79,600)
Depreciation and amortization					(179,017)
General, administrative and professional fees					(28,774)
Merger-related expenses and deal costs					(4,262)
Other					(4,587)
Income tax expense					(1,744)
Discontinued operations					(5,627)
Net income					<u>\$ 113,098</u>

For the three months ended March 31, 2012 :

	Triple-Net Leased Properties	Senior Living Operations	MOB Operations (In thousands)	All Other	Total
Revenues:					
Rental income	\$ 203,575	\$ —	\$ 63,965	\$ —	\$ 267,540
Resident fees and services	—	285,193	—	—	285,193
Medical office building and other services revenue	1,109	—	4,499	—	5,608
Income from loans and investments	—	—	—	8,036	8,036
Interest and other income	—	—	—	47	47
Total revenues	<u>\$ 204,684</u>	<u>\$ 285,193</u>	<u>\$ 68,464</u>	<u>\$ 8,083</u>	<u>\$ 566,424</u>
Total revenues	\$ 204,684	\$ 285,193	\$ 68,464	\$ 8,083	\$ 566,424
Less:					
Interest and other income	—	—	—	47	47
Property-level operating expenses	—	195,134	20,703	—	215,837
Medical office building services costs	—	—	2,988	—	2,988
Segment NOI	204,684	90,059	44,773	8,036	347,552
Income from unconsolidated entities	266	—	51	—	317
Segment profit	<u>\$ 204,950</u>	<u>\$ 90,059</u>	<u>\$ 44,824</u>	<u>\$ 8,036</u>	<u>347,869</u>
Interest and other income					47
Interest expense					(68,130)
Depreciation and amortization					(160,421)
General, administrative and professional fees					(22,198)
Loss on extinguishment of debt					(29,544)
Merger-related expenses and deal costs					(7,981)
Other					(1,576)
Income tax expense					(11,338)
Discontinued operations					43,364
Net income					<u>\$ 90,092</u>

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

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Capital expenditures:		
Triple-net leased	\$ 13,180	\$ 4,863
Senior living	20,168	17,166
MOB	64,210	19,764
Total capital expenditures	\$ 97,558	\$ 41,793

Our portfolio of properties and mortgage 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 March 31,	
	2013	2012
	(In thousands)	
Revenues:		
United States	\$ 661,488	\$ 542,823
Canada	23,380	23,601
Total revenues	<u>\$ 684,868</u>	<u>\$ 566,424</u>
	As of March 31, 2013	As of December 31, 2012
	(In thousands)	
Net real estate property:		
United States	\$ 16,605,758	\$ 16,711,508
Canada	389,979	400,024
Total net real estate property	<u>\$ 16,995,737</u>	<u>\$ 17,111,532</u>

NOTE 16—CONDENSED CONSOLIDATING INFORMATION (Unaudited)

We have fully and unconditionally guaranteed the obligation to pay principal and interest with respect to the outstanding senior notes issued by our 100% owned subsidiaries, Ventas Realty, Limited Partnership (“Ventas Realty”) and Ventas Capital Corporation (collectively, the “Ventas Issuers”). Ventas Capital Corporation is a direct subsidiary of Ventas Realty that was formed in 2002 to facilitate offerings of senior notes and has no assets or operations. None of our other subsidiaries (excluding the Ventas Issuers, the “Ventas Subsidiaries”) is obligated with respect to the Ventas Issuers’ outstanding senior notes.

In connection with the NHP acquisition, our 100% owned subsidiary, Nationwide Health Properties, LLC (“NHP LLC”), as successor to NHP, assumed the obligation to pay principal and interest with respect to the outstanding senior notes issued by NHP. We, the Ventas Issuers and the Ventas Subsidiaries (other than NHP LLC) are not obligated with respect to any of NHP LLC’s outstanding senior notes.

Contractual and legal restrictions, including those contained in the instruments governing our subsidiaries’ outstanding mortgage indebtedness, may under certain circumstances restrict our ability to obtain cash from our subsidiaries for the purpose of meeting our debt service obligations, including our guarantee of the payment of principal and interest on the Ventas Issuers’ senior notes. Certain of our real estate assets are also subject to mortgages.

The following summarizes our condensed consolidating information as of March 31, 2013 and December 31, 2012 and for the three months ended March 31, 2013 and 2012 :

CONDENSED CONSOLIDATING BALANCE SHEET
As of March 31, 2013

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries	Consolidated Elimination	Consolidated
	(In thousands)				
Assets					
Net real estate investments	\$ 7,463	\$ 406,350	\$ 17,166,288	\$ —	\$ 17,580,101
Cash and cash equivalents	3,219	—	54,471	—	57,690
Escrow deposits and restricted cash	6,298	1,713	91,214	—	99,225
Deferred financing costs, net	758	44,346	8,975	—	54,079
Investment in and advances to affiliates	10,390,975	1,867,251	—	(12,258,226)	—
Other assets	33,907	7,322	874,597	—	915,826
Total assets	<u>\$ 10,442,620</u>	<u>\$ 2,326,982</u>	<u>\$ 18,195,545</u>	<u>\$ (12,258,226)</u>	<u>\$ 18,706,921</u>
Liabilities and equity					
Liabilities:					
Senior notes payable and other debt	\$ —	\$ 4,953,603	\$ 3,342,305	\$ —	\$ 8,295,908
Intercompany loans	3,704,278	(4,541,877)	837,599	—	—
Accrued interest	—	35,049	23,037	—	58,086
Accounts payable and other liabilities	85,112	11,083	814,497	—	910,692
Deferred income taxes	261,122	—	—	—	261,122
Total liabilities	4,050,512	457,858	5,017,438	—	9,525,808
Redeemable OP unitholder and noncontrolling interests	—	—	194,302	—	194,302
Total equity	6,392,108	1,869,124	12,983,805	(12,258,226)	8,986,811
Total liabilities and equity	<u>\$ 10,442,620</u>	<u>\$ 2,326,982</u>	<u>\$ 18,195,545</u>	<u>\$ (12,258,226)</u>	<u>\$ 18,706,921</u>

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2012

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Assets					
Net real estate investments	\$ 7,615	\$ 412,362	\$ 17,421,966	\$ —	\$ 17,841,943
Cash and cash equivalents	16,734	—	51,174	—	67,908
Escrow deposits and restricted cash	7,565	1,952	96,396	—	105,913
Deferred financing costs, net	757	34,047	7,747	—	42,551
Investment in and advances to affiliates	10,343,664	1,867,251	—	(12,210,915)	—
Other assets	26,282	4,043	891,360	—	921,685
Total assets	<u>\$ 10,402,617</u>	<u>\$ 2,319,655</u>	<u>\$ 18,468,643</u>	<u>\$ (12,210,915)</u>	<u>\$ 18,980,000</u>
Liabilities and equity					
Liabilities:					
Senior notes payable and other debt	\$ —	\$ 4,570,296	\$ 3,843,350	\$ —	\$ 8,413,646
Intercompany loans	3,425,082	(4,126,391)	701,309	—	—
Accrued interest	—	24,045	23,520	—	47,565
Accounts payable and other liabilities	99,631	7,775	887,750	—	995,156
Deferred income taxes	259,715	—	—	—	259,715
Total liabilities	3,784,428	475,725	5,455,929	—	9,716,082
Redeemable OP unitholder and noncontrolling interests	—	—	174,555	—	174,555
Total equity	6,618,189	1,843,930	12,838,159	(12,210,915)	9,089,363
Total liabilities and equity	<u>\$ 10,402,617</u>	<u>\$ 2,319,655</u>	<u>\$ 18,468,643</u>	<u>\$ (12,210,915)</u>	<u>\$ 18,980,000</u>

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended March 31, 2013

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Revenues:					
Rental income	\$ 641	\$ 69,733	\$ 254,535	\$ —	\$ 324,909
Resident fees and services	—	—	339,170	—	339,170
Medical office building and other services revenue	—	—	3,648	—	3,648
Income from loans and investments	103	294	15,706	—	16,103
Equity earnings in affiliates	116,075	—	250	(116,325)	—
Interest and other income	37	5	996	—	1,038
Total revenues	116,856	70,032	614,305	(116,325)	684,868
Expenses:					
Interest	(467)	32,526	47,541	—	79,600
Depreciation and amortization	1,077	7,432	170,508	—	179,017
Property-level operating expenses	—	102	267,347	—	267,449
Medical office building services costs	—	—	1,639	—	1,639
General, administrative and professional fees	(13)	5,622	23,165	—	28,774
Merger-related expenses and deal costs	2,749	—	1,513	—	4,262
Other	40	21	4,526	—	4,587
Total expenses	3,386	45,703	516,239	—	565,328
Income from continuing operations before income from unconsolidated entities, income taxes and noncontrolling interest	113,470	24,329	98,066	(116,325)	119,540
Income from unconsolidated entities	—	287	642	—	929
Income tax expense	(1,744)	—	—	—	(1,744)
Income from continuing operations	111,726	24,616	98,708	(116,325)	118,725
Discontinued operations	467	395	(6,489)	—	(5,627)
Net income	112,193	25,011	92,219	(116,325)	113,098
Net income attributable to noncontrolling interest	—	—	905	—	905
Net income attributable to common stockholders	\$ 112,193	\$ 25,011	\$ 91,314	\$ (116,325)	\$ 112,193

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Three Months Ended March 31, 2012

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Revenues:					
Rental income	\$ 623	\$ 67,435	\$ 199,482	\$ —	\$ 267,540
Resident fees and services	—	—	285,193	—	285,193
Medical office building and other services revenue	—	—	5,608	—	5,608
Income from loans and investments	939	469	6,628	—	8,036
Equity earnings in affiliates	61,178	—	47	(61,225)	—
Interest and other income	29	5	13	—	47
Total revenues	62,769	67,909	496,971	(61,225)	566,424
Expenses:					
Interest	(724)	21,120	47,734	—	68,130
Depreciation and amortization	709	7,631	152,081	—	160,421
Property-level operating expenses	—	123	215,714	—	215,837
Medical office building services costs	—	—	2,988	—	2,988
General, administrative and professional fees	903	6,997	14,298	—	22,198
Loss (gain) on extinguishment of debt	—	29,731	(187)	—	29,544
Merger-related expenses and deal costs	1,365	—	6,616	—	7,981
Other	37	—	1,539	—	1,576
Total expenses	2,290	65,602	440,783	—	508,675
Income from continuing operations before income from unconsolidated entities, income taxes and noncontrolling interest	60,479	2,307	56,188	(61,225)	57,749
Income from unconsolidated entities	—	317	—	—	317
Income tax expense	(11,338)	—	—	—	(11,338)
Income from continuing operations	49,141	2,624	56,188	(61,225)	46,728
Discontinued operations	41,485	2,111	(232)	—	43,364
Net income	90,626	4,735	55,956	(61,225)	90,092
Net loss attributable to noncontrolling interest	—	—	(534)	—	(534)
Net income attributable to common stockholders	\$ 90,626	\$ 4,735	\$ 56,490	\$ (61,225)	\$ 90,626

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2013

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Net income	\$ 112,193	\$ 25,011	\$ 92,219	\$ (116,325)	\$ 113,098
Other comprehensive income (loss):					
Foreign currency translation	—	—	(2,091)	—	(2,091)
Change in unrealized gain on marketable debt securities	61	—	—	—	61
Other	—	—	504	—	504
Total other comprehensive (loss) income	61	—	(1,587)	—	(1,526)
Comprehensive income	112,132	25,011	90,632	(116,325)	111,572
Comprehensive income attributable to noncontrolling interest	—	—	905	—	905
Comprehensive income attributable to common stockholders	\$ 112,132	\$ 25,011	\$ 89,727	\$ (116,325)	\$ 110,667

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2012

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Net income	\$ 90,626	\$ 4,735	\$ 55,956	\$ (61,225)	\$ 90,092
Other comprehensive loss:					
Foreign currency translation	—	—	1,949	—	1,949
Change in unrealized gain on marketable debt securities	(308)	—	—	—	(308)
Other	—	—	223	—	223
Total other comprehensive loss	(308)	—	2,172	—	1,864
Comprehensive income	90,318	4,735	58,128	(61,225)	91,956
Comprehensive loss attributable to noncontrolling interest	—	—	(534)	—	(534)
Comprehensive income attributable to common stockholders	\$ 90,318	\$ 4,735	\$ 58,662	\$ (61,225)	\$ 92,490

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Three Months Ended March 31, 2013

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Net cash (used in) provided by operating activities	\$ (26,368)	\$ 51,309	\$ 205,364	\$ —	\$ 230,305
Net cash (used in) provided by investing activities	(47,169)	(5,835)	112,477	—	59,473
Cash flows from financing activities:					
Net change in borrowings under revolving credit facility	—	(376,000)	84	—	(375,916)
Proceeds from debt	—	758,460	158,411	—	916,871
Repayment of debt	(11,420)	—	(624,373)	—	(635,793)
Net change in intercompany debt	279,196	(415,487)	136,291	—	—
Payment of deferred financing costs	—	(12,160)	(1,648)	—	(13,808)
Issuance of common stock, net	5,050	—	—	—	5,050
Cash distribution (to) from affiliates	(17,903)	(238)	18,141	—	—
Cash distribution to common stockholders	(195,700)	—	—	—	(195,700)
Cash distribution to redeemable OP unitholders	(1,151)	—	—	—	(1,151)
Purchases of redeemable OP units	(108)	—	—	—	(108)
Distributions to noncontrolling interest	—	—	(1,450)	—	(1,450)
Other	2,058	—	—	—	2,058
Net cash provided by (used in) financing activities	60,022	(45,425)	(314,544)	—	(299,947)
Net (decrease) increase in cash and cash equivalents	(13,515)	49	3,297	—	(10,169)
Effect of foreign currency translation on cash and cash equivalents	—	(49)	—	—	(49)
Cash and cash equivalents at beginning of period	16,734	—	51,174	—	67,908
Cash and cash equivalents at end of period	\$ 3,219	\$ —	\$ 54,471	\$ —	\$ 57,690

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Three Months Ended March 31, 2012

	Ventas, Inc.	Ventas Issuers	Ventas Subsidiaries (In thousands)	Consolidated Elimination	Consolidated
Net cash (used in) provided by operating activities	\$ (2,966)	\$ 70,263	\$ 177,664	\$ —	\$ 244,961
Net cash provided by (used in) investing activities	8,347	(15,038)	(33,621)	—	(40,312)
Cash flows from financing activities:					
Net change in borrowings under revolving credit facility	—	(380,000)	(2,398)	—	(382,398)
Proceeds from debt	—	591,384	75,946	—	667,330
Repayment of debt	—	(206,500)	(92,301)	—	(298,801)
Net change in intercompany debt	219,912	(22,107)	(197,805)	—	—
Payment of deferred financing costs	—	(1,473)	(320)	—	(1,793)
Cash distribution (to) from affiliates	(37,550)	(36,584)	74,134	—	—
Cash distribution to common stockholders	(179,253)	—	—	—	(179,253)
Cash distribution to redeemable OP unitholders	(1,112)	—	—	—	(1,112)
Purchases of redeemable OP units	(233)	—	—	—	(233)
Distributions to noncontrolling interest	—	—	(1,592)	—	(1,592)
Other	565	—	—	—	565
Net cash provided by (used in) financing activities	2,329	(55,280)	(144,336)	—	(197,287)
Net increase (decrease) in cash and cash equivalents	7,710	(55)	(293)	—	7,362
Effect of foreign currency translation on cash and cash equivalents	—	55	—	—	55
Cash and cash equivalents at beginning of period	2,335	—	43,472	—	45,807
Cash and cash equivalents at end of period	\$ 10,045	\$ —	\$ 43,179	\$ —	\$ 53,224

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’, borrowers’ or managers’ expected future financial condition, results of operations, cash flows, funds from operations, dividends and dividend plans, financing opportunities and plans, capital markets transactions, 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 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 satisfy 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 and investments, including investments 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 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 borrowing costs as a result of changes in interest rates and other factors;
- The ability of our operators and managers, as applicable, to comply with laws, rules and regulations in the operation of our properties, to deliver high-quality services, to attract and retain qualified personnel and to attract residents and patients;
- Changes in general economic conditions or economic conditions in the markets in which we may, from time to time, compete, and the effect of those changes on our revenues, earnings and funding sources;
- Our ability to pay down, refinance, restructure or extend our indebtedness as it becomes due;
- Our ability and willingness to maintain our qualification as a REIT in light of economic, market, legal, tax and other considerations;
- Final determination of our taxable net income for the year ended December 31, 2012 and for the year ending December 31, 2013;

- The ability and willingness of our tenants to renew their leases with us upon expiration of the leases, our ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we exercise our right to replace an existing tenant, and obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant;
- Risks associated with our senior living operating portfolio, such as factors that can cause volatility in our operating income and earnings generated by those properties, including without limitation national and regional economic conditions, costs of food, 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;
- Changes in U.S. and Canadian currency exchange rates;
- Year-over-year changes in the Consumer Price Index (“CPI”) and the effect of those changes on the rent escalators contained in our leases, including the rent escalators for two of our master lease agreements 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 property, liability and other insurance from reputable, 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 build, maintain and expand our relationships with existing and prospective 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;
- Merger and acquisition activity in the healthcare and seniors housing industries resulting in a change of control of, or a competitor’s investment in, one or more of our tenants, operators, borrowers or managers or significant changes in the senior management of our tenants, operators, borrowers or managers; and
- The impact of litigation or any financial, accounting, legal or regulatory issues that may affect us or our tenants, operators, borrowers or managers.

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

Kindred, Brookdale Senior Living, Atria and Sunrise Information

Each of Kindred and Brookdale Senior Living Inc. (together with its subsidiaries, “Brookdale Senior Living”) 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 and Brookdale Senior Living contained or referred to in this Quarterly Report on Form 10-Q has been derived from SEC filings made by Kindred or Brookdale Senior Living, as the case may be, or other publicly available information or was provided to us by Kindred or Brookdale Senior Living, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Kindred’s and Brookdale Senior Living’s publicly available filings, which can be found on the SEC’s website at www.sec.gov.

Neither Atria Senior Living, Inc. (“Atria”) nor Sunrise Senior Living, LLC (together with its subsidiaries, “Sunrise”) is currently subject to the reporting requirements of the SEC. The information related to Atria and Sunrise contained or referred to in this Quarterly Report on Form 10-Q has been derived from publicly available information or was provided to us by Atria or

Sunrise, as the case may be, and we have not verified this information through an independent investigation or otherwise. We have no reason to believe that this information is inaccurate in any material respect, but we cannot provide any assurance of its accuracy.

Company Overview

We are a REIT with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States and Canada. As of March 31, 2013, we owned more than 1,400 properties, including seniors housing communities, skilled nursing and other facilities, MOB, and hospitals, in 46 states, the District of Columbia and two Canadian provinces, and we had two new properties under development. We are an S&P 500 company and currently headquartered in Chicago, Illinois.

We primarily acquire and own seniors housing and healthcare properties and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of March 31, 2013, we leased 890 properties (excluding MOB and properties classified as held for sale) to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses, including maintenance, utilities, repairs, taxes, insurance and capital expenditures, and we engaged independent operators, such as Atria and Sunrise, to manage 222 of our seniors housing communities (excluding properties classified as held for sale) pursuant to long-term management agreements.

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

Our principal objective is to enhance shareholder value by delivering superior, reliable returns. To achieve this objective, we pursue a business strategy of: (1) generating consistent, reliable and growing cash flows; (2) maintaining a balanced, well-diversified portfolio of high-quality assets; and (3) preserving our financial strength, flexibility and liquidity.

Our ability to access capital in a timely and cost effective manner is critical to the success of our business strategy because it affects our ability to satisfy existing obligations, including the repayment of maturing indebtedness, and to make future investments. Our access to and cost of external capital are dependent on various factors, including general market conditions, interest rates, credit ratings on our securities, expectations of our potential future earnings and cash distributions, and the trading price of our common stock. Generally, we attempt to match the long-term duration of our investments in seniors housing and healthcare properties with long-term financing through the issuance of shares of our common stock or the incurrence of long-term fixed rate debt. At March 31, 2013, approximately 15.5% of our total consolidated debt (excluding debt related to real estate assets classified as held for sale) was variable rate debt.

Operating Highlights and Key Performance Trends

2013 Highlights

During the three months ended March 31, 2013 :

- We paid the first quarterly installment of our 2013 dividend in the amount of \$0.67 per share, which represents an 8% increase over the prior year.
- We issued and sold \$500.0 million aggregate principal amount of 2.700% senior notes due 2020 and \$258.8 million aggregate principal amount of 5.45% senior notes due 2043.
- We established an “at-the-market” equity offering program through which we may sell up to an aggregate of \$750.0 million of our common stock.
- We sold assets, including loans, and received final repayment on loans receivable for aggregate proceeds of \$156 million.

Concentration Risk

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

	As of March 31, 2013	As of December 31, 2012
Investment mix by asset type (1):		
Seniors housing communities	61.5%	61.2%
MOBs	18.9	18.6
Skilled nursing and other facilities	14.8	14.8
Hospitals	2.4	2.3
Secured loans receivable, net	2.4	3.1
Investment mix by tenant, operator and manager(1):		
Atria	18.0%	17.8%
Sunrise	14.8	14.8
Brookdale Senior Living	10.5	10.4
Kindred	4.0	4.4
All other	52.7	52.6

(1) Ratios are based on the gross book value of real estate investments (excluding assets classified as held for sale) as of each reporting date.

	For the Three Months Ended March 31,	
	2013	2012
Operations mix by tenant and operator and business model:		
<i>Revenues(1):</i>		
Senior living operations(2)	50.0%	50.4%
Kindred	9.3	11.1
Brookdale Senior Living	5.8	7.0
All others	34.9	31.5
<i>Adjusted EBITDA(3):</i>		
Senior living operations(2)	27.1%	25.7%
Kindred	15.1	16.9
Brookdale Senior Living	9.5	12.2
All others	48.3	45.2
<i>NOI(4):</i>		
Senior living operations(2)	26.1%	25.9%
Kindred	15.4	18.1
Brookdale Senior Living	9.5	11.4
All others	49.0	44.6
Operations mix by geographic location(5):		
California	14.0%	14.7%
New York	10.1	10.4
Texas	6.5	6.1
Illinois	4.7	5.3
Massachusetts	4.3	5.0
All others	60.4	58.5

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- (1) Total revenues include medical office building and other services revenue, revenue from loans and investments and interest and other income (excluding amounts in discontinued operations).
- (2) Amounts relate to the actual period of ownership and do not necessarily reflect a full period.
- (3) “Adjusted EBITDA” is defined as earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding net loss on extinguishment of debt, merger-related expenses and deal costs, net gains on real estate activity and changes in the fair value of financial instruments (including amounts in discontinued operations).
- (4) “NOI” represents net operating income, which is defined as total revenues, less interest and other income, property-level operating expenses and medical office building services costs (excluding amounts in discontinued operations).
- (5) Ratios are based on total revenues for each period presented (excluding amounts in discontinued operations).

See “Non-GAAP Financial Measures” included elsewhere in this Quarterly Report on Form 10-Q for additional disclosure and reconciliations of Adjusted EBITDA and NOI to our net income as computed in accordance with GAAP.

Triple-Net Lease Expirations

As our triple-net leases expire, we face the risk that our tenants may elect not to renew those leases and, in the event of non-renewal, we may be unable to reposition the applicable properties on a timely basis or on the same or better economic terms, if at all. During the three months ended March 31, 2013, we had no triple-net lease renewals or expirations without renewal that had a material effect on our financial condition or results of operations for that period.

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 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”). GAAP requires us to make estimates and assumptions regarding 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 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, we may have applied a different accounting treatment, resulting in a different presentation of our financial statements. We periodically reevaluate 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. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 19, 2013, for further information regarding the critical accounting policies that affect our more significant estimates and judgments used in the preparation of our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Results of Operations

As of March 31, 2013, we operated through three reportable business segments: triple-net leased properties, senior living operations and MOB operations. Under our triple-net leased properties segment, we acquire and own seniors housing and healthcare properties throughout the United States and lease those properties to healthcare operating companies under “triple-net” or “absolute-net” leases that obligate the tenants to pay all property-related expenses. Under our senior living operations segment, we invest in seniors housing communities throughout the United States and Canada and engage independent operators, such as Atria and Sunrise, to manage those communities. Under our MOB operations segment, we primarily acquire, own, develop, lease, and manage MOBs. Information provided for “all other” includes 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, loans receivable and miscellaneous accounts receivable.

Three Months Ended March 31, 2013 and 2012

The table below shows our results of operations for the three months ended March 31, 2013 and 2012 and the effect on our income of changes in those results from period to period.

	For the Three Months Ended March 31,		Increase (Decrease) to Income	
	2013	2012	\$	%
	(Dollars in thousands)			
Segment NOI:				
Triple-Net Leased Properties	\$ 214,874	\$ 204,684	\$ 10,190	5.0 %
Senior Living Operations	108,262	90,059	18,203	20.2
MOB Operations	75,503	44,773	30,730	68.6
All Other	16,103	8,036	8,067	> 100
Total segment NOI	414,742	347,552	67,190	19.3
Interest and other income	1,038	47	991	> 100
Interest expense	(79,600)	(68,130)	(11,470)	(16.8)
Depreciation and amortization	(179,017)	(160,421)	(18,596)	(11.6)
General, administrative and professional fees	(28,774)	(22,198)	(6,576)	(29.6)
Loss on extinguishment of debt	—	(29,544)	29,544	100.0
Merger-related expenses and deal costs	(4,262)	(7,981)	3,719	46.6
Other	(4,587)	(1,576)	(3,011)	(> 100)
Income before income from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	119,540	57,749	61,791	> 100
Income from unconsolidated entities	929	317	612	> 100
Income tax expense	(1,744)	(11,338)	9,594	84.6
Income from continuing operations	118,725	46,728	71,997	> 100
Discontinued operations	(5,627)	43,364	(48,991)	(> 100)
Net income	113,098	90,092	23,006	25.5
Net income (loss) attributable to noncontrolling interest	905	(534)	(1,439)	(> 100)
Net income attributable to common stockholders	\$ 112,193	\$ 90,626	21,567	23.8

Segment NOI—Triple-Net Leased Properties

NOI for our triple-net leased properties reportable business segment equals the rental income earned from our triple-net assets and other services revenue. We incur no direct operating expenses for this segment.

The following table summarizes results of continuing operations in our triple-net leased properties reportable business segment:

	For the Three Months Ended March 31,		Increase (Decrease) to NOI	
	2013	2012	\$	%
	(Dollars in thousands)			
Segment NOI—Triple-Net Leased Properties:				
Rental income	\$ 213,763	\$ 203,575	\$ 10,188	5.0%
Other services revenue	1,111	1,109	2	0.2
Segment NOI	\$ 214,874	\$ 204,684	10,190	5.0

Triple-net leased properties segment NOI increased during the three months ended March 31, 2013 over the prior year primarily due to contractual rent escalations, increases in base rent and other rent under our existing triple-net leases and rent from the properties we acquired after March 31, 2012 .

In our triple-net leased properties segment, revenues generally do not depend on the underlying operating performance of our properties, but rather consist of fixed rental amounts (subject to annual contractual escalations) received from our tenants in accordance with the applicable lease terms. Therefore, occupancy rates may affect the profitability of our tenants' operations but do not have a direct impact on our revenues or financial results. The following table sets forth average occupancy rates related to the triple-net leased properties we owned at March 31, 2013 for the fourth quarter of 2012 (which is the most recent information available to us from our tenants) and average occupancy rates related to the triple-net leased properties we owned at March 31, 2012 for the fourth quarter of 2011.

	Number of Properties at March 31, 2013 (1)	Average Occupancy For the Three Months Ended December 31, 2012 (1)	Number of Properties at March 31, 2012 (2)	Average Occupancy For the Three Months Ended December 31, 2011 (2)
Seniors Housing Communities	434	86.0%	414	86.3%
Skilled Nursing Facilities	367	80.9	365	83.0
Hospitals	46	56.7	46	55.9

- (1) Excludes 34 seniors housing communities and skilled nursing facilities included in investments in unconsolidated entities, one development property that was completed during the three months ended March 31, 2013 and eight other facilities for which we do not receive occupancy information.
- (2) Excludes 34 seniors housing communities and skilled nursing facilities included in investments in unconsolidated entities, 52 properties sold after March 31, 2012 or classified as held for sale as of March 31, 2013 and eight other facilities for which we do not receive occupancy information.

The following table compares results of continuing operations for our 833 same-store triple-net leased properties. For purposes of this table, we define same-store properties as properties that we owned for the entire period from January 1, 2012 through March 31, 2013 .

	For the Three Months Ended March 31,		Increase (Decrease) to Income	
	2013	2012	\$	%
	(Dollars in thousands)			
Same-Store Segment NOI—Triple-Net Leased Properties:				
Rental income	\$ 207,772	\$ 203,528	\$ 4,244	2.1%
Other services revenue	1,111	1,109	2	0.2
Segment NOI	<u>\$ 208,883</u>	<u>\$ 204,637</u>	4,246	2.1

The year-over-year increase in same-store triple-net leased properties NOI is due to the contractual escalations in rent pursuant to the terms of our leases. Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies.

Segment NOI—Senior Living Operations

The following table summarizes results of continuing operations in our senior living operations reportable business segment:

	For the Three Months Ended March 31,		Increase (Decrease) to Income	
	2013	2012	\$	%
	(Dollars in thousands)			
Segment NOI—Senior Living Operations:				
Total revenues	\$ 339,170	\$ 285,193	\$ 53,977	18.9 %
Less:				
Property-level operating expenses	(230,908)	(195,134)	(35,774)	(18.3)
Segment NOI	<u>\$ 108,262</u>	<u>\$ 90,059</u>	18,203	20.2

Revenues attributed to our senior living operations segment consist of 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. Our senior living operations segment revenues increased in the first quarter of 2013 over the first quarter of 2012 primarily due to the seniors housing communities we acquired after March 31, 2012 (including 16 seniors housing communities managed by Sunrise (the “Sunrise-Managed Sixteen Communities”)), higher average unit occupancy rates in our communities and higher average monthly revenue per occupied room.

Property-level operating expenses related to our senior living operations segment include labor, food, utilities, marketing, management and other costs of operating the properties. Property-level operating expenses increased for the three months ended March 31, 2013 over the same period in 2012 primarily due to the acquired properties described above, increases in salaries and insurance costs, and higher management fees primarily due to increased revenues.

The following table compares results of continuing operations for our 188 same-store stabilized senior living operating communities. For purposes of this table, we define same-store stabilized communities as communities that we owned and classified as stable for the full period in both comparison periods.

	For the Three Months Ended March 31,		Increase (Decrease) to Income	
	2013	2012	\$	%
(Dollars in thousands)				
Same-Store Stabilized Segment NOI—Senior Living Operations:				
Total revenues	\$ 285,821	\$ 270,496	\$ 15,325	5.7 %
Less:				
Property-level operating expenses	(194,944)	(184,335)	(10,609)	(5.8)
Segment NOI	<u>\$ 90,877</u>	<u>\$ 86,161</u>	4,716	5.5

Same-store stabilized senior living operations NOI increased year over year primarily due to higher average unit occupancy rates and higher average monthly revenue per occupied room, partially offset by increases in salaries and insurance costs, and higher management fees primarily due to increased revenues.

The following table sets forth average unit occupancy rates and the average monthly revenue per occupied room related to continuing operations in our senior living operations segment during the three months ended March 31, 2013 and 2012 :

	Number of Properties at March 31,		Average Unit Occupancy For the Three Months Ended March 31,		Average Monthly Revenue Per Occupied Room For the Three Months Ended March 31,	
	2013	2012	2013	2012	2013	2012
Stabilized communities	215	189	91.2%	89.1%	\$ 5,508	\$ 5,352
Non-stabilized communities	7	9	86.6	76.6	5,086	5,240
Total	<u>222</u>	<u>198</u>	91.0	88.4	5,492	5,347
Same-store stabilized communities	188	188	91.3	89.1	5,521	5,361

Segment NOI—MOB Operations

The following table summarizes results of continuing operations in our MOB operations reportable business segment:

	For the Three Months Ended March 31,		Increase (Decrease) to NOI	
	2013	2012	\$	%
(Dollars in thousands)				
Segment NOI—MOB Operations:				
Rental income	\$ 111,146	\$ 63,965	\$ 47,181	73.8 %
Medical office building services revenue	2,537	4,499	(1,962)	(43.6)
Total revenues	113,683	68,464	45,219	66.0
Less:				
Property-level operating expenses	(36,541)	(20,703)	(15,838)	(76.5)
Medical office building services costs	(1,639)	(2,988)	1,349	45.1
Segment NOI	\$ 75,503	\$ 44,773	30,730	68.6

The increases in our MOB operations segment revenues and property-level operating expenses in the first quarter of 2013 over the same period in 2012 are attributed primarily to the MOBs we acquired after March 31, 2012, including the MOBs we acquired in connection with the Cogdell Spencer Inc. (“Cogdell”) acquisition and the controlling interests in 38 MOBs that we had previously accounted for as investments in unconsolidated entities.

Medical office building services revenue and costs both decreased year over year primarily due to reduced construction activity during 2013 compared to 2012.

The following table compares results of continuing operations for our 173 same-store stabilized MOBs. For purposes of this table, we define same-store stabilized MOBs as MOBs that we owned and classified as stable for the entire period from January 1, 2012 through March 31, 2013. Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies.

	For the Three Months Ended March 31,		Increase (Decrease) to Income	
	2013	2012	\$	%
(Dollars in thousands)				
Same-Store Stabilized Segment NOI—MOB Operations:				
Rental income	\$ 56,504	\$ 55,744	\$ 760	1.4 %
Less:				
Property-level operating expenses	(17,941)	(17,707)	(234)	(1.3)
Segment NOI	\$ 38,563	\$ 38,037	526	1.4

The following table sets forth occupancy rates and the annualized average rent per occupied square foot related to continuing operations in our MOB operations segment at and for the three months ended March 31, 2013 and 2012:

	Number of Properties at March 31,		Occupancy at March 31,		Annualized Average Rent Per Occupied Square Foot for the Three Months Ended March 31,	
	2013	2012	2013	2012	2013	2012
Stabilized MOBs	288	174	91.8%	91.6%	\$ 30	\$ 29
Non-stabilized MOBs	14	12	74.4	76.0	37	35
Total	302	186	90.5	89.7	30	30
Same-store stabilized MOBs	173	173	90.6	91.5	30	29

Segment NOI—All Other

All other NOI consists solely of income from loans and investments. Income from loans and investments increased for the three months ended March 31, 2013 over the same period in 2012 primarily as a result of the \$425.0 million aggregate principal amount of secured loans we made in December 2012, which have a weighted average interest rate of 8.5%.

Interest Expense

The \$8.7 million increase in total interest expense, including interest allocated to discontinued operations of \$0.7 million and \$3.5 million for the three months ended March 31, 2013 and 2012, respectively, is attributed primarily to \$19.0 million of additional interest due to higher debt balances, partially offset by a \$10.3 million reduction in interest due to lower effective interest rates, including the amortization of any fair value adjustments. Our effective interest rate, excluding activity related to our capital leases, was 3.7% for the three months ended March 31, 2013, compared to 4.2% for the same period in 2012.

Depreciation and Amortization

Depreciation and amortization expense increased during the three months ended March 31, 2013 compared to the same period in 2012 primarily due to the acquisitions of Cogdell, the Sunrise-Managed Sixteen Communities and other properties we acquired subsequent to March 31, 2012 and the full amortization in the fourth quarter of 2012 of certain in-place lease intangibles related to our Atria Senior Living Group, Inc. acquisition.

General, Administrative and Professional Fees

General, administrative and professional fees increased year over year primarily due to our continued organizational growth.

Loss on Extinguishment of Debt

The loss on extinguishment of debt for the three months ended March 31, 2012 resulted primarily from our redemption in March 2012 of all \$200.0 million principal amount then outstanding of our 6½% senior notes due 2016. There were no similar transactions during the three months ended March 31, 2013.

Merger-Related Expenses and Deal Costs

Merger-related expenses and deal costs for both periods consist of transition and integration expenses related to consummated transactions and deal costs required by GAAP to be expensed rather than capitalized into the asset value. The \$3.7 million decrease in the first quarter of 2013 over the prior year is primarily due to lower transition and integration costs attributable to our 2011 and 2012 investment activity.

Other

Other primarily includes building rent expense paid to lease certain of our senior living operating communities. The increase in other during the three months ended March 31, 2013 compared to the same period in 2012 is due primarily to various asset acquisitions subsequent to March 31, 2012.

Income from Unconsolidated Entities

The increase in income from unconsolidated entities in 2013 is primarily the result of the gain recognized in conjunction with the re-measurement of equity interest upon our acquisition of the 95% controlling interest in two MOB's that we previously accounted for as investments in unconsolidated entities. See "Note 6—Investments in Unconsolidated Entities" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Income Tax Expense

Income tax expense for the three months ended March 31, 2013 was due primarily to additions to income tax contingency reserves. Income tax expense for the three months ended March 31, 2012 was due primarily to a \$14.9 million valuation allowance recorded against certain deferred tax assets.

Discontinued Operations

Discontinued operations for the three months ended March 31, 2013 reflects activity related to 29 properties, seven of which were sold during in the first quarter of 2013, resulting in a \$0.5 million net gain, and 22 of which were classified as held for sale as of March 31, 2013. Discontinued operations for the comparable 2012 period reflects activity related to 54 properties, 11 of which were sold in the first quarter of 2012, resulting in a \$40.2 million net gain.

Net Income/Loss Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest for the three months ended March 31, 2013 represents our partners' joint venture interests in 50 properties. Net loss attributable to noncontrolling interest for the three months ended March 31, 2012 represents our partners' joint venture interests in 29 properties.

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 use in evaluating our operating performance and that we consider most useful to investors, as well as reconciliations of these measures to the most directly comparable GAAP financial measures.

The non-GAAP financial measures we present in this Quarterly Report on Form 10-Q may not be 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 other financial 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. However, since real estate values historically have risen or fallen with market conditions, many industry investors deem 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 to be appropriate measures of operating performance of an equity REIT. We also 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 and other events such as transactions and litigation. In some cases, we provide information about identified non-cash components of FFO and normalized FFO because it allows investors, analysts and our management to assess the impact of those 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, including gain on re-measurement of equity method investments, and impairment write-downs of depreciable real estate, 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) net gains on the sales of real property assets, including gain on re-measurement of equity method investments; (b) merger-related costs and expenses, including amortization of intangibles and transition and integration expenses, and deal costs and expenses, including expenses and recoveries relating to acquisition lawsuits; (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 retirement or payment of our debt; (d) the non-cash effect of income tax benefits or expenses and derivative transactions that have non-cash mark-to-market impacts on our Consolidated Statements of Income; (e) the impact of future acquisitions or divestitures (including pursuant to tenant options to purchase) and capital transactions; (f) the financial impact of contingent consideration; (g) charitable donations made to the Ventas Charitable Foundation; and (h) gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of financial instruments.

Our FFO and normalized FFO for the three months ended March 31, 2013 and 2012 are summarized in the following table. The growth in first quarter 2013 normalized FFO compared to the first quarter of 2012 is due primarily to our \$2.7 billion of investments in 2012, NOI increases in each of our reportable business segments and lower weighted average interest rates. These benefits were partially offset by higher debt balances, increases in general and administrative expenses, and asset sales and loan repayments in 2013 and 2012.

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income attributable to common stockholders	\$ 112,193	\$ 90,626
Adjustments:		
Real estate depreciation and amortization	177,739	159,519
Real estate depreciation related to noncontrolling interest	(2,502)	(1,511)
Real estate depreciation related to unconsolidated entities	1,646	2,175
Gain on re-measurement of equity interest upon acquisition, net	(1,241)	—
Discontinued operations:		
Gain on real estate dispositions, net	(477)	(40,233)
Depreciation on real estate assets	7,926	4,215
FFO	295,284	214,791
Adjustments:		
Change in fair value of financial instruments	25	33
Income tax expense	1,744	11,305
Loss on extinguishment of debt	—	29,544
Merger-related expenses and deal costs	4,262	7,981
Amortization of other intangibles	256	256
Normalized FFO	<u>\$ 301,571</u>	<u>\$ 263,910</u>

Adjusted EBITDA

We consider Adjusted EBITDA to be 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 net loss on extinguishment of debt, merger-related expenses and deal costs, net gains on real estate activity and changes in the fair value of financial instruments (including amounts in discontinued operations). The following is a reconciliation of Adjusted EBITDA to net income (including amounts in discontinued operations) for the three months ended March 31, 2013 and 2012 :

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income	\$ 113,098	\$ 90,092
Adjustments:		
Interest (including amounts in discontinued operations)	80,329	71,650
Loss on extinguishment of debt, net	—	29,544
Taxes (including amounts in general, administrative and professional fees) (including amounts in discontinued operations)	2,893	12,270
Depreciation and amortization (including amounts in discontinued operations)	186,943	164,636
Non-cash stock-based compensation expense	5,662	4,834
Merger-related expenses and deal costs	4,262	7,981
Gain on real estate dispositions, net	(477)	(40,233)
Change in fair value of financial instruments	25	33
Gain on re-measurement of equity interest upon acquisition, net	(1,241)	—
Adjusted EBITDA	<u>\$ 391,494</u>	<u>\$ 340,807</u>

NOI

We also 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, less interest and other income, property-level operating expenses and medical office building services costs (including amounts in discontinued operations). Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. The following is a reconciliation of NOI to net income (including amounts in discontinued operations) for the three months ended March 31, 2013 and 2012 :

	For the Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Net income	\$ 113,098	\$ 90,092
Adjustments:		
Interest and other income (including amounts in discontinued operations)	(1,038)	(1,869)
Interest (including amounts in discontinued operations)	80,329	71,650
Depreciation and amortization (including amounts in discontinued operations)	186,943	164,636
General, administrative and professional fees (including amounts in discontinued operations)	28,774	22,201
Loss on extinguishment of debt	—	29,544
Merger-related expenses and deal costs	4,262	7,981
Other (including amounts in discontinued operations)	4,063	2,156
Income from unconsolidated entities	(929)	(317)
Income tax expense (including amounts in discontinued operations)	1,744	11,305
Gain on real estate dispositions, net	(477)	(40,233)
NOI (including amounts in discontinued operations)	416,769	357,146
Discontinued operations	(2,027)	(9,594)
NOI (excluding amounts in discontinued operations)	<u>\$ 414,742</u>	<u>\$ 347,552</u>

Liquidity and Capital Resources

As of March 31, 2013 , we had a total of \$57.7 million of unrestricted cash and cash equivalents, operating cash and cash related to our senior living operations and MOB operations reportable business 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, debt service payments and certain capital expenditures. As of March 31, 2013 , we also had escrow deposits and restricted cash of \$99.2 million and \$1.83 billion of unused borrowing capacity available under our unsecured revolving credit facility.

During the three months ended March 31, 2013 , our principal sources of liquidity were proceeds from the issuance of debt securities, cash flows from operations, proceeds from repayments of our loans receivable and cash on hand.

For the next 12 months, our principal liquidity needs are to: (i) fund operating expenses; (ii) meet our debt service requirements; (iii) repay maturing mortgage and other debt; (iv) fund capital expenditures primarily for our senior living operations and MOB operations reportable business segments; (v) fund acquisitions, investments and commitments, including development activities; and (vi) make distributions to our stockholders and unitholders, as required for us to continue to qualify as a REIT. We believe that these liquidity needs generally will be satisfied by cash flows from operations, cash on hand, debt assumptions and financings, issuances of debt and equity securities, proceeds from sales of real estate assets and borrowings under our unsecured revolving credit facility. However, if any of these sources of liquidity is unavailable to us or is not available at an acceptable cost or if we engage in significant acquisition or investment activity, we may seek or require additional capital through debt assumptions and financings (including secured financings), dispositions of assets (in whole or in part through joint venture arrangements with third parties) and the issuance of secured or unsecured long-term debt or other securities, or any combination thereof.

Unsecured Revolving Credit Facility and Term Loans

We have \$2.0 billion of aggregate borrowing capacity under our unsecured revolving credit facility, which may be increased to up to \$2.5 billion at our option, subject to the satisfaction of certain conditions, and includes sublimits of (a) up to \$200 million for letters of credit, (b) up to \$200 million for swingline loans, (c) up to \$250 million for loans in certain alternative currencies, and (d) up to 50% of the facility for certain negotiated rate loans. Borrowings under our unsecured revolving credit facility bear interest at a fluctuating rate per annum equal to a reference rate (the applicable LIBOR for Eurocurrency rate loans and the higher of (i) the federal funds rate plus 0.50%, (ii) the administrative agent's prime rate and (iii) the applicable LIBOR plus 1.0% for base rate loans) plus a spread based on our senior unsecured long-term debt ratings. We also pay a facility fee ranging from 15 to 45 basis points per annum (based on our senior unsecured long-term debt ratings) on the aggregate revolving commitments under our unsecured revolving credit facility. At March 31, 2013, the applicable spread was 110 basis points for Eurocurrency rate loans and 10 basis points for base rate loans and the facility fee was 17.5 basis points. Borrowings under our unsecured revolving credit facility mature on October 16, 2015, but may be extended for an additional period of one year at our option, subject to the satisfaction of certain conditions.

Senior Notes

In February 2013, we repaid in full, at par, \$269.9 million principal amount then outstanding of our 6.25% senior notes due 2013 upon maturity.

In March 2013, we issued and sold: \$258.8 million aggregate principal amount of 5.45% senior notes due 2043, at a public offering price equal to par, for total proceeds of \$258.8 million before any underwriting discounts and expenses; and \$500.0 million aggregate principal amount of 2.700% senior notes due 2020, at a public offering price equal to 99.942% of par, for total proceeds of \$499.7 million before any underwriting discounts and expenses.

Equity Offerings and Related Events

In March 2013, we established an "at-the-market" ("ATM") equity offering program through which we may sell from time to time up to an aggregate of \$750 million of our common stock. During the three months ended March 31, 2013, we issued and sold a total of 72,300 shares of common stock under the program for aggregate net proceeds of \$5.1 million, after sales agent commissions of \$0.1 million. As of March 31, 2013, approximately \$744.8 million of our common stock remained available for sale under our ATM equity offering program. Since March 31, 2013, we have issued and sold a total of 1,056,400 shares of common stock under the program for aggregate net proceeds of \$77.3 million, after sales agent commissions of \$1.2 million.

Cash Flows

The following table sets forth our sources and uses of cash flows for the three months ended March 31, 2013 and 2012 :

	For the Three Months Ended March 31,		Increase (Decrease) to Cash	
	2013	2012	\$	%
	(Dollars in thousands)			
Cash and cash equivalents at beginning of period	\$ 67,908	\$ 45,807	\$ 22,101	48.2 %
Net cash provided by operating activities	230,305	244,961	(14,656)	(6.0)
Net cash provided by (used in) investing activities	59,473	(40,312)	99,785	> 100
Net cash used in financing activities	(299,947)	(197,287)	(102,660)	(52.0)
Effect of foreign currency translation on cash and cash equivalents	(49)	55	(104)	(> 100)
Cash and cash equivalents at end of period	<u>\$ 57,690</u>	<u>\$ 53,224</u>	\$ 4,466	8.4 %

Cash Flows from Operating Activities

Cash flows from operating activities decreased during the three months ended March 31, 2013 over the same period in 2012 primarily due to significant changes in working capital, offset by increases in NOI and FFO as previously described.

Cash Flows from Investing Activities

Cash provided by/used in investing activities during the three months ended March 31, 2013 and 2012 consisted primarily of cash paid for our investments in real estate (\$56.2 million and \$0.5 million in 2013 and 2012, respectively), investments in loans receivable (\$2.8 million

and \$22.5 million in 2013 and 2012 , respectively), capital expenditures (\$19.8

million and \$10.0 million in 2013 and 2012 , respectively) and development project expenditures (\$21.6 million and \$31.3 million in 2013 and 2012 , respectively). These uses were offset by proceeds from loans receivable (\$146.4 million and \$17.2 million in 2013 and 2012 , respectively) and proceeds from real estate disposals (\$11.3 million and \$8.8 million in 2013 and 2012 , respectively).

Cash Flows from Financing Activities

Cash provided by financing activities during the three months ended March 31, 2013 and 2012 consisted primarily of net proceeds from the issuance of debt (\$916.9 million and \$667.3 million in 2013 and 2012 , respectively) and net proceeds from the issuance of common stock (\$5.1 million in 2013). These cash inflows were offset by net payments made on our unsecured revolving credit facility (\$375.9 million and \$382.4 million in 2013 and 2012 , respectively), debt repayments (\$635.8 million and \$298.8 million in 2013 and 2012 , respectively), cash distributions to common stockholders, unitholders and noncontrolling interest parties (\$198.3 million and \$182.0 million in 2013 and 2012 , respectively) and payments for deferred financing costs (\$13.8 million and \$1.8 million in 2013 and 2012 , respectively).

Capital Expenditures

The terms of our triple-net leases generally obligate our tenants to pay capital expenditures necessary to maintain and improve our triple-net leased properties. From time to time, however, we may fund the capital expenditures for our triple-net leased properties through loans to the tenants or advances, which in certain cases may increase the amount of rent payable with respect to the properties. After the terms of the triple-net leases expire, or in the event that our tenants are unable or unwilling to meet their obligations under those leases, we would expect to fund any capital expenditures for which we may become responsible with cash flows from operations or through additional borrowings.

With respect to our senior living operations and MOB operations reportable business 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.

We are party to certain agreements that obligate us to develop healthcare or seniors housing properties. The construction of these properties is funded through capital provided by us and, in some circumstances, our joint venture partners. As of March 31, 2013 , two seniors housing communities were in various stages of development pursuant to these agreements. Through March 31, 2013 , we have funded \$25.4 million of our estimated total commitment over the projected development period (\$40.0 million to \$60.0 million) toward these projects.

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 facility and our unsecured term loans, certain of our mortgage loans that are floating rate obligations, mortgage loans receivable that bear interest at floating rates and marketable debt securities. These market risks result primarily from changes in LIBOR rates or prime rates. We continuously monitor our level of floating rate debt with respect to total debt and other factors, including our assessment of current and future economic conditions.

For fixed rate debt, interest rate fluctuations generally affect the fair value, but do not impact our earnings or cash flows. Therefore, interest rate risk does not have a significant impact on our fixed rate debt obligations until such obligations mature or until we elect to prepay and refinance such obligations. 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 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 March 31, 2013 and December 31, 2012 :

	March 31, 2013	December 31, 2012
	(In thousands)	
Gross book value	\$ 6,952,669	\$ 6,522,295
Fair value(1)	7,369,998	6,936,849
Fair value reflecting change in interest rates(1):		
-100 BPS	7,661,635	7,164,166
+100 BPS	6,941,347	6,559,949

(1) The change in fair value of our fixed rate debt was due primarily to senior note issuances and repayments made in 2013.

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

	As of March 31, 2013	As of December 31, 2012	As of March 31, 2012
		(Dollars in thousands)	
Balance:			
Fixed rate:			
Senior notes and other	\$ 4,568,543	\$ 4,079,643	\$ 2,860,026
Mortgage loans and other(1)	2,384,126	2,442,652	2,339,269
Variable rate:			
Unsecured revolving credit facility	164,734	540,727	73,419
Unsecured term loans	682,282	685,336	504,721
Mortgage loans and other(1)	429,904	437,957	401,641
Total	<u>\$ 8,229,589</u>	<u>\$ 8,186,315</u>	<u>\$ 6,179,076</u>
Percent of total debt:			
Fixed rate:			
Senior notes and other	55.5%	49.8%	46.3%
Mortgage loans and other(1)	29.0	29.8	37.8
Variable rate:			
Unsecured revolving credit facility	2.0	6.6	1.2
Unsecured term loans	8.3	8.4	8.2
Mortgage loans and other(1)	5.2	5.4	6.5
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Weighted average interest rate at end of period:			
Fixed rate:			
Senior notes and other	3.8%	4.0%	5.0%
Mortgage loans and other(1)	6.1	6.1	6.1
Variable rate:			
Unsecured revolving credit facility	1.4	1.5	1.4
Unsecured term loans	1.6	1.6	1.7
Mortgage loans and other(1)	1.9	1.9	1.9
Total	<u>4.1</u>	<u>4.1</u>	<u>4.9</u>

(1) The amounts presented above exclude debt related to a real estate asset classified as held for sale as of each date presented. Total mortgage debt for this property as of March 31, 2013 , December 31, 2012 and March 31, 2012 was \$23.0 million , \$23.2 million and \$23.8 million, respectively.

The variable rate debt in the table above reflects, in part, the effect of \$154.6 million notional amount of interest rate swaps with a maturity of March 21, 2016 that effectively convert fixed rate debt to variable rate debt. In addition, the fixed rate debt in the table above reflects, in part, the effect of \$61.4 million notional amount of interest rate swaps with maturities ranging from March 2, 2015 to April 1, 2019, in each case that effectively convert variable rate debt to fixed rate debt. The decrease in our outstanding variable rate debt at March 31, 2013 compared to December 31, 2012 is primarily attributable to the repayment of borrowings outstanding under our unsecured revolving credit facility. 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 March 31, 2013, 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 (excluding debt related to real estate assets classified as held for sale at March 31, 2013), and assuming no change in our variable rate debt outstanding as of March 31, 2013, interest expense for 2013 would increase by approximately \$12.5 million, or \$0.04 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.

As of March 31, 2013 and December 31, 2012, our joint venture and operating partners' aggregate share of total debt was \$168.5 million and \$174.7 million, respectively, with respect to certain properties we owned through consolidated joint ventures and an operating partnership. Total debt does not include our portion of debt related to investments in unconsolidated entities, which was \$91.1 million and \$92.8 million as of March 31, 2013 and December 31, 2012, respectively.

As of March 31, 2013 and December 31, 2012, the fair value of our secured and unsecured loans receivable, based on our estimates of currently prevailing rates for comparable loans, was \$555.6 million and \$701.9 million, respectively.

We are subject to fluctuations in U.S. and Canadian currency exchange rates that may, from time to time, affect our financial condition and results of operations. Increases or decreases in the value of the Canadian dollar relative to the U.S. dollar impact the amount of net income we earn from our 12 seniors housing communities in Canada. Based solely on our results for the three months ended March 31, 2013, if the Canadian dollar exchange rate were to increase or decrease by \$0.10, our net income from these communities would decrease or increase, as applicable, by less than \$0.1 million for the three-month period. If we increase our international presence through investments in, or acquisitions or development of, seniors housing or healthcare assets outside the United States, we may also decide to transact additional business or borrow funds under our unsecured revolving credit facility 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.

In the future, we may engage in hedging strategies to manage our exposure to market risks, depending on an analysis of the interest rate and foreign currency exchange rate environments and the costs and risks of such strategies. However, 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 March 31, 2013. 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 March 31, 2013, at the reasonable assurance level.

Internal Control Over Financial Reporting

During the first quarter of 2013, 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 11—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, 2012 .

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below summarizes repurchases of our common stock made during the three months ended March 31, 2013 :

	Number of Shares Repurchased(1)	Average Price Per Share
January 1 through January 31	59,163	\$ 65.88
February 1 through February 28	15,864	69.66
March 1 through March 31	18,785	70.84

- (1) Repurchases represent shares withheld to pay (a) taxes on the vesting of restricted stock or restricted stock units or on the exercise of options granted to employees under our 2006 Incentive Plan or 2012 Incentive Plan or under the Nationwide Health Properties, Inc. (“NHP”) 2005 Performance Incentive Plan and assumed by us in connection with our acquisition of NHP or (b) the exercise price of options granted to employees under the NHP 2005 Performance Incentive Plan and assumed by us in connection with our acquisition of NHP. The value of the shares withheld is the closing price of our common stock on the date the vesting or exercise occurred (or, if not a trading day, the immediately preceding trading day) or the fair market value of our common stock at the time of exercise, as the case may be.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document	Location of Document
4.1	Ninth Supplemental Indenture dated as of March 7, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 8-A, filed on March 7, 2013.
4.2	Tenth Supplemental Indenture dated as of March 19, 2013 by and among Ventas Realty, Limited Partnership and Ventas Capital Corporation, as Issuers, Ventas, Inc., as Guarantor, and U.S. Bank National Association, as Trustee.	Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on March 19, 2013.
10.1	Employment Agreement dated as of October 27, 2010 between Ventas, Inc. and John D. Cobb.	Filed herewith.
12.1	Statement Regarding Computation of Ratios 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: April 26, 2013

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

EXHIBIT INDEX

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101	Interactive Data File.	Filed herewith.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is made as of the 27th day of October, 2010 (the "Effective Date"), by and between Ventas, Inc., a Delaware corporation (the "Company"), and John D. Cobb (the "Employee").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Employee as Senior Vice President and Chief Investment Officer; and

WHEREAS, the Company and the Employee desire to enter into this Agreement as of the Effective Date.

NOW, THEREFORE, in consideration of the promises and the respective covenants and agreements contained herein, and intending to be legally bound hereby, the Company and Employee agree as follows:

1. **EMPLOYMENT.** The Company hereby agrees to employ Employee and Employee hereby agrees to be employed by the Company as of November 15, 2010 (the "Start Date") on the terms and conditions herein set forth.

2. **DUTIES.** The Company hereby employs Employee and Employee hereby accepts employment with the Company as Senior Vice President and Chief Investment Officer. Employee shall have the title, status, responsibilities and duties of such positions as designated from time to time by the Company. Employee shall report to the Executive Vice President of the Company.

3. **EXTENT OF SERVICES.** So long as Employee is employed by the Company, Employee shall devote his working time, attention, labor, skill and energies to the business of the Company, and shall not, without the consent of the Company, be actively engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage. Notwithstanding the preceding sentence, but subject to the Company's internal policies and procedures, Employee shall be permitted, to the extent such activities do not adversely affect the ability of Employee to perform fully his duties and responsibilities under this Agreement, to serve on civic or charitable boards or committees.

4. **COMPENSATION.** As compensation for services rendered while employed by the Company, Employee shall receive:

(a) *Base Salary* . A base salary at a rate of three hundred twenty-five thousand dollars (\$325,000) per year. Employee's base salary shall be payable in installments in accordance with the Company's normal payroll procedures in effect from time to time. The term "Base Salary" for purposes of this Agreement shall refer to Employee's base salary annualized, as same may be changed from time to time.

(b) *Annual Bonus* . In addition to Base Salary, for the calendar year 2010 and thereafter, Employee shall be eligible to receive an annual cash bonus ("Annual Bonus") of up to one hundred ten percent (110%) of Base Salary, as senior management of the Company may determine in its discretion.

(c) *Long-Term Incentive* . Employee shall be eligible for such long term incentive compensation as senior management of the Company or the Executive Compensation Committee, as from time to time applicable, may determine at its discretion.

(d) *One Time Equity Grant* . Employee shall receive a one time equity grant of restricted shares valued at \$300,000 on the Start Date (the number of shares to be determined on the date of grant) which shall vest as follows: one-third (1/3) on the third year anniversary of the grant date, one-third (1/3) on the fourth year anniversary of the grant date and one-third (1/3) on the fifth year anniversary of the grant date, vesting one hundred percent (100%) on the fifth year anniversary of the Start Date and subject to the terms of the restricted stock agreement.

5. **BENEFITS.**

(a) Employee shall be entitled to participate in any 401(k) plan, medical, dental, disability and group life insurance and fringe benefit plans from time to time in effect for employees generally of the Company and its affiliates in accordance with the terms and conditions thereof.

(b) Employee shall be entitled to paid time off in a calendar year in accordance with the Company's paid time off policy or program in effect from time to time, at a time or times mutually agreed between Employee and the Executive Vice President.

(c) Employee may incur reasonable expenses for promoting the Company's business and expenses for entertainment, travel, cellular telephone and similar items related thereto. The Company shall reimburse Employee for all such reasonable expenses subject to the Company's reimbursement procedures and policies regarding such expenses.

(d) Employee's principal place of employment shall be the Company's office in Chicago, Illinois, ***provided, however***, that Employee shall, as directed by the Company, travel from time to time to the Company's other office locations, including the Company's office in Louisville, Kentucky. The Company shall pay or promptly reimburse Employee for (i) reasonable travel expenses incurred by Employee to travel to and from the Louisville area and (ii) reasonable expenses for temporary lodging incurred by Employee while in the Louisville area. Employee shall comply with the Company's policies and procedures regarding the reporting and documentation for reimbursement of all such travel and lodging expenses.

(e) Employee acknowledges that any of the Company's compensation or benefit plans may be amended, changed or terminated from time to time in the sole discretion of the Company.

6. **TERMINATION OF EMPLOYMENT.** Subject to the provisions of Section 7, the Company may terminate Employee's employment at any time for any reason whatsoever or for no reason and with or without cause. Employee acknowledges and agrees that his employment with the Company is terminable at the will of the Company without any obligation except as may be expressly provided in Section 7.

7. **OBLIGATIONS OF THE COMPANY UPON TERMINATION.**

(a) Following any termination of Employee's employment hereunder for any reason whatsoever, the Company shall pay Employee the portion of his Base Salary that relates to the period through the date of termination, accrued but unused paid time off and reimbursable expenses incurred but not yet reimbursed through date of termination and all amounts owed to Employee pursuant to the terms and conditions of the benefit plans, programs and arrangements of the Company at the time such payments are due.

(b) If the Company shall terminate Employee's employment other than for Cause (as defined below) or the Employee shall terminate his employment for Good Reason (as defined below), subject to Employee's execution and delivery to the Company of a general release of claims within sixty (60) days of such termination in form reasonably determined by the Company (the "Release"), the Company shall pay to the Employee not later than the tenth (10th) business day after his execution and delivery of the Release, in cash in one lump sum, an amount equal to Employee's Base Salary in effect on the date of his termination of employment.

(c) For purposes of this Section 7, "Cause" shall mean the Employee's (i) indictment for, conviction of, or plea of *nolo contendere* to, any felony or a misdemeanor involving fraud, dishonesty or moral turpitude; (ii) willful or intentional material breach by Employee of his duties and responsibilities; (iii) willful or intentional material misconduct by Employee in the performance of his duties under this Agreement; (iv) material breach of the representation under Section 9 of this Agreement; or (v) willful or intentional failure to comply with any lawful instruction or directive of senior management of the Company.

(d) For purposes of this Section 7 "Good Reason" shall exist upon the occurrence, without Employee's express written consent, of any of the following events:

(i) a material diminution in Employee's position, authority or duties (including the assignment to Employee of any duties materially and adversely inconsistent with Employee's position, authority or duties hereunder), excluding for this purpose an isolated, insubstantial, and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Employee;

(ii) the Company shall materially reduce (other than pursuant to a uniform reduction applicable to other similarly situated employees of the Company) the Base Salary or bonus opportunity of Employee;

(iii) the Company shall relocate its Chicago, Illinois business office to any location more than 30 miles from its Chicago, Illinois location on the Effective Date; or

- (iv) the failure of the Company to obtain the assumption of this Agreement as contemplated by Section 11(c);

which in each case is not cured within thirty (30) days after written notice from Employee to the Company setting forth in reasonable detail the facts and circumstances claimed to constitute Good Reason and affording an opportunity to cure. Any termination of employment by the Employee for Good Reason shall be communicated to the Company by written notice in accordance with this Agreement. The Employee must deliver to the Company the Notice of Termination not later than ninety (90) days after the Employee has actual knowledge of an act or omission which constitutes Good Reason. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable cure period, the Separation from Service (as defined below) must occur, if at all, within six (6) months following the end of such cure period in order for such termination as a result of such condition to constitute a termination for Good Reason.

8. RESTRICTIVE COVENANTS.

(a) *Confidentiality* .

(i) Employee shall not, unless written permission is granted by the Company, disclose to or communicate in any manner with the press or any other media about his employment with the Company, the terms of this Agreement, the termination of his employment with the Company, the Company's businesses or affairs, the Company's officers, directors, employees and/or consultants, or any matter related to any of the foregoing.

(ii) Employee acknowledges that it is the policy of the Company and its subsidiaries to maintain as secret and confidential all valuable and unique information and techniques acquired, developed or used by the Company and its subsidiaries relating to their business, operations, actual or potential products, strategies, potential liabilities, employees, tenants, proposed or perspective tenants and customers, business partners and customers, (including without limitation information protected by the Company's attorney/client, work product, or tax advisor/audit privileges; tax matters and information; financial analysis models; the Company's strategic plans; negotiations with third parties; methods, policies, processes, formulas, techniques, know-how and other knowledge; trade practices, trade secrets, or financial matters; lists of customers or customers' purchases; lists of suppliers, manufacturers, representatives, or other distributors; lists of and information about tenants and customers; requirements for systems, programs, machines, or their equipment; information regarding the Company's bank accounts, credit agreement or financial projections information; information regarding the Company's directors or officers or their personal affairs) which gives the Company and its subsidiaries a competitive advantage in the businesses in which the Company and its subsidiaries are engaged ("Confidential Information"). "Confidential Information" shall not include information that (A) is or becomes generally available to the public other than as a result of a disclosure by Employee in violation of this Agreement, (B) was available to Employee on a non-confidential basis prior to the date hereof, or (C) is compelled or required to be disclosed by any law, regulation or order of a court or governmental agency, provided that prior written notice is given to the Company and Employee cooperates with the Company in any efforts by the Company to limit the scope of such obligation and/or to obtain confidential treatment of any material disclosed pursuant to such obligation. Employee recognizes that all such Confidential Information is the sole and exclusive property of the Company and its subsidiaries, and that disclosure of Confidential Information would cause damage to the Company and its subsidiaries. Employee shall not disclose, directly or indirectly, any Confidential Information obtained during his employment with the Company, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity inside or outside the Company, and will not use the Confidential Information or permit its use for the benefit of Employee or other third party other than the Company. These obligations shall continue for so long as the Confidential Information remains Confidential Information.

(b) *Noncompetition, Nonsolicitation, Noninterference* . Employee shall not during his employment with the Company, and during the six-month period after the termination of Employee's employment with the Company for any reason (the "Restricted Period"), either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States:

(i) hiring, recruiting, engaging as a consultant or adviser, employing or attempting or soliciting to hire, recruit or employ any person employed by the Company or any subsidiary of the Company, or causing or attempting to cause any third party to do any of the foregoing; nothing in this Section 8(b)(i) shall, however, restrict Employee from general employment advertising on a broad basis not targeted at or designed for any such employee;

(ii) causing or attempting to cause any person employed at any time during the Restricted Period by the Company or any subsidiary of the Company to terminate his or his relationship with the Company or any subsidiary; or

(iii) soliciting, enticing away, or endeavoring to entice away from the Company or any subsidiary of the Company, or otherwise interfering with any employee, customer, tenant, financial partner, vendor, supplier or other similar business relation, who at any time during the Restricted Period, to the Employee's knowledge, maintained a material business relationship with the Company or any subsidiary of the Company or with whom the Company is targeting for a material business relationship or is engaged in discussions with to commence a material business relationship at the time of the Employee's termination of employment with the Company.

(iv) Performing services as an employee, director, officer, consultant, independent contractor or advisor, or investing in, whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest or a connection to any healthcare REIT (real estate investment trust) or any person which owns in excess of five percent of the issued and outstanding equity interest of a healthcare REIT, or any other company, entity or person that directly and materially competes with the Company anywhere in the United States. Nothing in this Section (iv) shall, however, restrict Employee from (A) making an investment in and owning up to two percent (2%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give Employee the right or ability to control or influence the policy decisions of any direct competitor, or (B) except as provided in Section 8(c) below, performing services as an employee, director, officer, consultant, independent contractor, or advisor in an operating company which provides healthcare services or goods other than leasing or financing of real property (for example, a hospital or a nursing facility).

(c) *Other Prohibited Activities* . Employee acknowledges that his position at the Company provides him with access to highly sensitive information concerning the Company's operators, tenants, managers, lessees and their affiliates and the Company's contracts with such operators, tenants, managers, lessees and their affiliates which are critical to the Company's ability to effectively function and to the properties to be purchased by the Company, and that if Employee were to provide services for such operators, tenants, managers, lessees and/or their affiliates such services would cause irreparable damages to the Company. Employee shall not during the Restricted Period, either directly or indirectly (through another business or person) engage in or facilitate any of the following activities anywhere in the United States or in any location outside the United States where the Company conducts or plans to conduct business: (i) performing services as an employee, director, officer, consultant, independent contractor or advisor to, or (ii) investing in, whether in the form of equity or debt, owning any interest or otherwise having an ownership or other interest or a connection to, any company or entity, or any of its parent, sister, subsidiary or affiliated entities in any manner, including as an owner, principal, partner, officer, director, stockholder, employee, consultant, contractor, agent, broker, representative or otherwise of any Person that is then in an existing operator, tenant, lessor or manager relationship with the Company, or any of its affiliates. Nothing in this Section (c) shall, however, restrict the Employee from making an investment in and owning, directly or indirectly, up to two percent (2%) of the common stock of any company whose stock is listed on a national exchange, provided that such investment does not give the Employee the right or ability to control or influence the policy decisions of any direct competitor.

(d) *Non-Disparagement* .

(i) Except as may be required by rules adopted by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002 or other comparable professional ethical obligations, Employee agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful, unethical or improper conduct, whether relating to Employee's employment (or termination thereof), the business or operations of the Company, or otherwise; or (B) disparages, impugns or in any way reflects adversely upon the business, good will, products, business opportunities, competency, character, behavior or reputation of the Company and/or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(ii) Nothing herein shall be deemed to preclude Employee or the Company from providing truthful testimony or information pursuant to subpoena, court or other similar legal process or proceedings or otherwise complying with any applicable law or regulation.

(e) *New Employer* . During the Restricted Period, Employee shall provide the terms and conditions of this Section 8 to any prospective new employer or new employer and shall permit the Company to contact any such company, entity or individual to confirm Employee's compliance with this Section 8 and shall provide the Company with such information as it reasonably requests to allow such inquiry.

(f) *Reasonableness of Restrictive Covenants* .

(i) Employee acknowledges that the covenants contained in this Section 8 are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information, its reputation, and in its relationships with its employees, customers, and suppliers.

(ii) The Company has, and the Employee has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. Employee acknowledges that his observance of the covenants contained herein will not deprive Employee of the ability to earn a livelihood or to support his dependents.

(g) *Right to Injunction* . In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by Section 8, Employee and the Company agree that it would be impossible to measure solely in money the damages which the Company would suffer if Employee were to breach any of his obligations hereunder. Employee acknowledges that any breach of any provision of this Agreement would irreparably injure the Company. Accordingly, Employee agrees that if he breaches any of the provisions of Section 8, the Company shall be entitled, in addition to any other remedies to which the Company may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of Section 8, and Employee hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(h) *Assistance* . During the one hundred eighty (180) calendar days following a termination of Employee's employment with the Company, Employee shall from time to time provide the Company with such reasonable assistance and cooperation as the Company may reasonably from time to time request in connection with any financial and business issues, investigation, claim, dispute, judicial, legislative, administrative or arbitral proceeding, or litigation (any of the foregoing, a "Proceeding") arising out of matters within the knowledge of Employee and related to his position as an employee of the Company. Such assistance and cooperation shall include providing information, declarations or statements to the Company, signing documents, meeting with attorneys or other representatives of the Company, and preparing for and giving truthful testimony in connection with any Proceeding or related deposition. Employee shall agree to also make himself available to assist the Company with transition of Employee's duties to his successor and addressing ongoing issues and problems. In any such instance, Employee shall provide such assistance and cooperation at times and in places mutually convenient for the Company and Employee and which do not unreasonably interfere with Employee's business or personal activities. If and to the extent that the Company shall require Employee to render assistance pursuant to this Section 8(h), the Company shall pay the Employee \$100 per hour for such services. The Company shall reimburse Employee's reasonable out-of pocket costs and expenses in connection with such assistance and cooperation upon Employee's written request in such form and containing such information as the Company shall reasonably request.

9. NO CONFLICTING AGREEMENTS. Employee represents and warrants that he is not a party to any agreements, contracts, understandings or arrangements, whether written or oral, in effect which would prevent him from rendering exclusive services to the Employer during the term hereof, and that he has not made and will not make any commitment to do any act in conflict with this Agreement.

10. DISPUTES. Any dispute or controversy arising under, out of, or in connection with this Agreement shall, at the election and upon written demand of the Company, be finally determined and settled by binding arbitration in the City of Chicago, Illinois, in accordance with the commercial arbitration rules and procedures of JAMS, and judgment upon the award may be entered in any court having jurisdiction thereof. Each party shall bear its own costs, legal fees and other expenses respecting such arbitration; *provided, however* , if one party shall prevail in the claims in such arbitration, the non-prevailing party shall pay the prevailing party's costs, legal fees and other expenses respecting such arbitration.

11. SUCCESSORS.

(a) This Agreement is personal to Employee and without the prior written consent of the Company shall not be assignable by Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or any business of the Company for which

Employee's services are principally performed, to assume expressly, absolutely and unconditionally and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. OTHER SEVERANCE BENEFITS. Employee hereby agrees that in consideration for and subject to the receipt of the payments to be received under this Agreement, Employee waives any and all rights to any payments or benefits under any other plans, programs, contracts or arrangements of the Company or their respective affiliates that provide for severance payments or benefits upon a termination of employment, except as provided in this Agreement and except as may be provided for in equity grants to the Employee under any equity compensation plan or program of the Company or any 401(k) plan.

13. WITHHOLDING. The Company may withhold all applicable required federal, state, local and other employment, income and other taxes from any and all payments to be made pursuant to this Agreement.

14. NO MITIGATION. Employee shall have no duty to mitigate his damages by seeking other employment and, should Employee actually receive compensation from any such other employment, the payments required hereunder, shall not be reduced or offset by any such compensation.

15. NOTICES. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given and effective when delivered by telephone facsimile transmission personal or overnight couriers, or registered mail, in each case with confirmation of receipt, prepaid and addressed as follows:

If to Employee:

John D. Cobb

at the most recent address on file with the Company

If to Company:

Ventas, Inc.
10350 Ormsby Park Place, Suite 300
Louisville, KY 40223
Attn: General Counsel

Either party may change its specified address by giving notice in writing to the other in accordance with the foregoing method.

16. WAIVER OF BREACH AND SEVERABILITY. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by either party. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision, which other provision shall remain in full force and effect. In the event any provision of this Agreement is found to be invalid or unenforceable it may be severed from the Agreement and the remaining provisions of the Agreement shall continue to be binding and effective.

17. ENTIRE AGREEMENT; AMENDMENT. This instrument contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements (including all agreements, letters and term sheets from the Company regarding Employee's employment), promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral, with respect to the subject matter hereof. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by Employee and the Company.

18. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

19. HEADINGS. The headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

20. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

21. COMPLIANCE WITH SECTION 409A OF THE INTERNAL REVENUE CODE. All payments pursuant to this Agreement shall be subject to the provisions of this Section 21. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and operated to the fullest extent possible so that the payments and benefits under this Agreement either shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A") or shall comply with the requirements of such provision; *provided, however*, that notwithstanding anything to the contrary in this Agreement in no event shall the Company be liable to the Employee for or with respect to any taxes, penalties or interest which may be imposed upon the Employee pursuant to Code Section 409A.

(a) *Payments to Specified Employees*. To the extent that any payment or benefit pursuant to this Agreement constitutes a "deferral of compensation" subject to Code Section 409A (after taking into account to the maximum extent possible any applicable exemptions) (a "409A Payment") treated as payable upon a "separation from service" pursuant to Code Section 409A ("Separation from Service"), then, if on the date of the Employee's Separation from Service, the Employee is a Specified Employee, then to the extent required for Employee not to incur additional taxes pursuant to Code Section 409A, no such 409A Payment shall be made to the Employee earlier than the earlier of (i) six (6) months after the Employee's Separation from Service; or (ii) the date of his death. Should this Section 21 otherwise result in the delay of in-kind benefits (for example, health benefits), any such benefit shall be made available to the Employee by the Company during such delay period at Employee's expense. Should this Section 21 result in payments or benefits to Employee at a later time than otherwise would have been made under this Agreement, on the first day any such payments or benefits may be made without incurring additional tax pursuant to Code Section 409A (the "409A Payment Date"), the Company shall make such payments and provide such benefits as provided for in this Agreement, provided that any amounts that would have been payable earlier but for the application of this Section 21, as well as reimbursement of the amount Employee paid for benefits pursuant to the preceding sentence, shall be paid in lump-sum on the 409A Payment Date along with accrued interest at the rate of interest published in the Wall Street Journal as the "prime rate" (or equivalent) on the date that payments or benefits, as applicable, to Employee should have been made under this Agreement. For purposes of this Section 21, the term "Specified Employee" shall have the meaning set forth in Code Section 409A, as determined in accordance with the methodology established by the Company. For purposes of determining whether a Separation from Service has occurred for purposes of Code Section 409A, to the extent permissible under Code Section 409A, subsidiaries and affiliates of the Company are those included by using a twenty percent (20%) standard to define the controlled group under Code Section 1563(a) in lieu of the fifty percent (50%) default rule. In addition, for purposes of determining whether a Separation from Service has occurred for purposes of Code Section 409, a Separation from Service is deemed to include a reasonably anticipated permanent reduction in the level of services performed by the Employee to less than fifty percent (50%) of the average level of services performed by the Employee during the immediately preceding 12-month period.

(b) *Reimbursements*. For purposes of complying with Code Section 409A and without extending the payment timing otherwise provided in this Agreement, taxable reimbursements under this Agreement, subject to the following sentence and to the extent required to comply with Code Section 409A, will be made no later than the end of the calendar year following the calendar year in which the expense was incurred. To the extent required to comply with Code Section 409A, any taxable reimbursements and any in-kind benefits under this Agreement will be subject to the following: (a) payment of such reimbursements or in-kind benefits during one calendar year will not affect the amount of such reimbursement or in-kind benefits provided during any other calendar year (other than for medical reimbursement arrangements as excepted under Treasury Regulations §1.409A-3(i)(1)(iv)(B) solely because the arrangement provides for a limit on the amount of expenses that may be reimbursed under such arrangement over some or all of the period the agreement remains in effect); (b) such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another form of compensation to the Employee and (c) the right to reimbursements under this Agreement will be in effect for the lesser of the time specified in this Agreement or ten years plus the lifetime of the Employee. Any taxable reimbursements or in-kind benefits shall be treated as not subject to Code Section 409A to the maximum extent provided by Treasury Regulations §1.409A1(b)(9)(v) or otherwise under Code Section 409A.

(c) *Release*. To the extent that Employee is required to execute and deliver a Release to receive a 409A Payment, and this Agreement provides for such 409A Payment to be provided prior to the 55th day following the Employee's Separation from Service, such 409A Payment will be provided upon the 55th day following Employee's Separation from Service provided the Release in the form mutually agreed upon between Employee and the Company or in the form set forth in **Appendix A** has been executed, delivered and effective prior to such time. To the extent a 409A Payment is made at a later time than otherwise would have been made under this Agreement because of the provisions of the preceding sentence of this Section 21(c), interest for the delay and the opportunity for Employee to pay for benefits in the interim with subsequent reimbursement from the Company shall be provided in a manner consistent with that set forth in Section 21(a). To the extent that Employee is required to execute and deliver a Release to receive a 409A Payment and this Agreement provides for such 409A Payment to be provided in accordance with Section 21(a), such 409A Payment will be provided as set forth in Section 21(a) provided the Release in the form mutually

agreed upon between Employee and the Company or in the form set forth in **Appendix A** has been executed, delivered and effective prior to such time. If a Release is required for a 409A Payment and such Release is not executed, delivered and effective by the date six months after the Employee's Separation from Service if such 409A Payment is subject to the limitations set forth in Section 21(a) or the 55th day following Employee's Separation from Service if such 409A Payment is not subject to the limitations set forth in Section 21(a), such 409A Payment shall not be provided to the Employee to the extent that providing such 409A Payment would cause such 409A Payment to fail to comply with Code Section 409A. To the extent that any payments or benefits under this Agreement are intended to be exempt from Code Section 409A as a short-term deferral pursuant to Treasury Regulations §1.409A-1(b)(4) or any successor thereto and require Employee to provide a Release to the Company to obtain such payments or benefits, any Release required for such payment or benefit must be provided in the form mutually agreed upon between Employee and the Company or in the form set forth in **Appendix A** no later than March 7th of the calendar year following the calendar year of the Employee's Separation from Service.

(d) *No Acceleration; Separate Payments; Termination of Employment* . No 409A Payment payable under this Agreement shall be subject to acceleration or to any change in the specified time or method of payment, except as otherwise provided under this Agreement and consistent with Code Section 409A. If under this Agreement, a 409A Payment is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment. Notwithstanding anything contained in this Agreement to the contrary, the date on which a Separation from Service occurs shall be treated as the termination of employment date for purposes of determining the timing of payments under this Agreement to the extent necessary to have such payments and benefits under this Agreement be exempt from the requirements of Section 409A of the Code or comply with the requirements of Code Section 409A.

(e) *Cooperation* . If the Company or Employee determines that any provision of this Agreement is or might be inconsistent with the requirements of Code Section 409A, the parties shall attempt in good faith to agree on such amendments to this Agreement as may be necessary or appropriate to avoid subjecting Employee to the imposition of any additional tax under Code Section 409A without changing the basic economic terms of this Agreement. Notwithstanding the foregoing, no provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with Code Section 409A from Employee or any other individual to the Company. This Section 21 is not intended to impose any restrictions on payments or benefits to Employee other than those otherwise set forth in this Agreement or required for Employee not to incur additional tax under Code Section 409A and shall be interpreted and operated accordingly. The Company to the extent reasonably requested by Employee shall modify this Agreement to effectuate the intention set forth in the preceding sentence.

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

VENTAS, INC.

By: /s/ Raymond J. Lewis
Title: Executive Vice President and
Chief Investment Officer

EMPLOYEE:

/s/ John D. Cobb
John D. Cobb

APPENDIX A

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims ("Release") is made as of this ____ day of _____, _____, by and between Ventas, Inc., a Delaware corporation (the "Company") and John D. Cobb ("Employee").

WHEREAS, the Company and Employee entered into an Employment Agreement, dated as of October 27, 2010 (the "Agreement");

WHEREAS, Employee's employment with the Company has terminated; and

WHEREAS, in connection with the termination of Employee's employment, under the Agreement, Employee is entitled to certain payments and other benefits.

NOW, THEREFORE, in consideration of the payments and other benefits, if any, due Employee under the Agreement ("Severance Payments"), the Company and Employee hereby agree as follows:

1. Except as specifically provided herein, Employee, for Employee and Employee's heirs, agents, executors, successors, assigns, legal representatives, personal representatives, and administrators (collectively, the "Related Parties"), intending to be legally bound, does hereby RELEASE AND FOREVER DISCHARGE the Company, its agents, affiliates, subsidiaries, parents, joint ventures, and its and their respective officers, directors, shareholders, employees, predecessors, and partners, and its and their respective successors and assigns, heirs, executors, and administrators (collectively, "Releasees") from all causes of action, suits, debts, claims obligations, and demands of every kind and nature whatsoever in law or in equity, known or unknown, which Employee ever had, now has, or hereafter may have, or which the Related Parties may have, by reason of any matter, cause or thing whatsoever, at any time prior to the execution of this Release and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to the Agreement, Employee's employment relationship with Company, the terms and conditions of that employment relationship, and the termination of that employment relationship, including, but not limited to the following: claims or demands related to salary, bonuses, commissions, stock, stock options, any other ownership interests in the Company, paid time off, fringe benefits, expense reimbursements, sabbatical benefits, severance benefits, or any other form of compensation or equity; any claims arising under the Age Discrimination in Employment Act ("ADEA"), as amended, 29 U.S.C. § 621 *et seq.*, the Older Worker's Benefit Protection Act, 29 U.S.C. § 626(0)(1), Title VII of The Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e *et seq.*, the Civil Rights Act of 1871, the Civil Rights Act of 1991, the Americans with Disabilities Act, 42 U.S.C. § 12101-12213, the Rehabilitation Act, the Family and Medical Leave Act of 1993 ("FMLA"), 29 U.S.C. § 2601 *et seq.*, the Fair Labor Standards Act; any other claims under any federal, state or local common law, statutory, or regulatory provision, now or hereafter recognized; claims for wrongful discharge, discrimination, fraud, defamation, harassment, emotional distress, or breach of the implied covenant of good faith and fair dealing; and any claims for attorneys' fees and costs. This Release does not apply to any claims that cannot be released or waived by law or to claims for the following: payments and benefits to Employee provided for under the Agreement or any employee benefit plan or equity plan of the Company in which Employee is a participant, including, without limitation, any options, stock or other equity awards that are vested (including those that vested as a result of Employee's termination of employment), or payment of any benefits to which Employee may be entitled under a Company sponsored tax qualified retirement or savings plan; any rights of Employee to indemnification under the Certificate of Incorporation or by-laws of the Company, the Agreement or other agreement between Employee and the Company; or any rights of Employee under any directors' and officers' liability insurance policy maintained by the Company. Except as specifically provided herein, it is expressly understood and agreed that this Release shall operate as a clear and unequivocal waiver by Employee of any claim for accrued or unpaid wages, benefits or any other type of payment other than as provided to Employee under the Agreement or any employee benefit plan or equity plan of the Company in which Employee is a participant. It is the intention of the parties to make this Release as broad and as general as the law permits as to the claims released hereunder.

2. Employee further agrees and recognizes that Employee has permanently and irrevocably severed Employee's employment relationship with the Company, that Employee shall not seek employment at any time in the future with the Company or any entity with which the Company is consolidated for financial reporting purposes, and that the Company has no obligation to employ Employee in the future.

3. Employee agrees that no promise or inducement to enter into this Release has been offered or made except as set forth herein and that Employee is entering into this Release without any threat or coercion and without reliance on any statement

or representation made on behalf of the Company or by any person employed by or representing the Company, except for the written provisions and promises contained in this Release.

4. The parties agree that damages incurred as a result of a breach of this Release will be difficult to measure. It is, therefore, further agreed that, in addition to the remedy set forth in Section 6(h) or any other remedies, equitable relief will be available in the case of a breach of this Release. It also is agreed that, in the event Employee files a claim against the Company (other than a charge before the EEOC) with respect to a claim released by Employee herein, the Company may withhold, retain, or require reimbursement of the Severance Payments.

5. The parties agree and acknowledge that this Release, and the settlement and termination of any asserted or unasserted claims against the Releasees pursuant to the Release, are not and shall not be construed to be an admission of any violation of any federal, state or local statute or regulation, or of any duty owed by any of the Releasees to Employee.

6. Employee certifies and acknowledges:

(a) Employee has read the terms of this Release, and Employee understands its terms and effects, including the fact that Employee has agreed to RELEASE AND FOREVER DISCHARGE all Releasees from any legal action or other liability of any type related in any way to the matters released pursuant to this Release other than as provided in the Agreement and in this Release;

(b) Employee has signed this Release voluntarily and knowingly in exchange for the Severance Payments and other consideration described herein, which Employee acknowledges is adequate and satisfactory to Employee and which Employee acknowledges is in addition to any other benefits to which Employee is otherwise entitled;

(c) Employee has been and is hereby advised in writing to consult with an attorney prior to signing this Release and Employee has had the opportunity to seek legal counsel in connection with this Release;

(d) Employee does not waive rights or claims that may arise after the date this Release is executed;

(e) Employee has been informed that Employee has the right to consider this Release for a period of **[21] [45]** days from receipt, and Employee has signed on the date indicated below after concluding that this Release is satisfactory to Employee;

(f) Neither the Company, nor any of its directors, employees, or attorneys, has made any representations to Employee concerning the terms or effects of this Release other than those contained herein;

(g) Employee has not filed a charge, lawsuit or any other claim (and will not hereafter file a charge, lawsuit or any other claim (other than a charge before the EEOC)) against the Company relating to Employee's employment and/or cessation of employment with the Company or otherwise involving facts that occurred on or prior to the date that Employee has signed this Release, other than a lawsuit or claim that the Company has failed to pay Employee the Severance Payments or benefits due under any employee benefit plan or equity plan of the Company in which Employee is a participant; and

(h) If Employee commences, continues, joins in, or in any other manner attempts to pursue a recovery for any claim released herein against any of the Releasees, or otherwise violates the terms of this Release, (i) Employee will cease to have any further rights to Severance Payments from the Company, and (ii) Employee shall be required to return any Severance Payments made to Employee by the Company (together with interest thereon). A claim that would be expressly permitted by the terms of this Release were it successful will not be deemed a violation of this Release even if such claim is unsuccessful, provided that such claim is made in good faith. In addition, this Release is not intended and does not limit Employee's right to file a charge with or participate in an investigative proceeding of the EEOC.

Employee acknowledges that Employee may later discover facts different from or in addition to those which Employee knows or believes to be true now, and Employee agrees that, in such event, this Release shall nevertheless remain effective in all respects, notwithstanding such different or additional facts or the discovery of those facts.

7. This Release may not be introduced in any legal or administrative proceeding, or other similar forum, except one concerning a breach of this Release.

8. If all or any part of this Release is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other portion of this Release. Any section or a part of a section declared

to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of the section to the fullest extent possible while remaining lawful and valid.

9. This Release shall not be altered, amended, or modified except by written instrument executed by the Company and Employee. A waiver of any portion of this Release shall not be deemed a waiver of any other portion of this Release.

10. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

11. This Release shall be governed by and construed and interpreted in accordance with the laws of the State of Kentucky without regard to its choice of law principles.

12. Employee also understands that Employee has the right to revoke this Release within seven (7) days after execution, and that this Release will not become effective or enforceable until the revocation period has expired, by giving written notice by regular mail and facsimile to the following:

Ventas, Inc.
Sr. Vice President - Human Resources
111 South Wacker Drive, Suite 4800
Chicago, Illinois 60606
Telephone No.: (312) 660-3890
Fax No.: (312) 660-3891

(Signature Page to Follow)

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties execute the foregoing Release and Waiver of Claims.

JOHN D. COBB

Date:

VENTAS, INC.

By:

Title:

Date:

STATEMENT REGARDING COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

<u>(dollars in thousands)</u>	<u>For the Three Months Ended March 31, 2013</u>
Income before income from unconsolidated entities, income taxes, discontinued operations and noncontrolling interest	\$ 119,540
Interest expense	
Senior notes payable and other debt	79,600
Distributions from unconsolidated entities	2,472
Earnings	<u>\$ 201,612</u>
Interest	
Senior notes payable and other debt expense	\$ 79,600
Interest capitalized	278
Fixed charges	<u>\$ 79,878</u>
Ratio of Earnings to Fixed Charges	<u>2.52</u>

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: April 26, 2013

/s/ DEBRA A. CAFARO

Debra A. Cafaro

Chairman and Chief Executive Officer

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: April 26, 2013

/s/ RICHARD A. SCHWEINHART

Richard A. Schweinhart
Executive Vice President and Chief Financial Officer

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 March 31, 2013, 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: April 26, 2013

/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.

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 March 31, 2013, 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: April 26, 2013

/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.