# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2017**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

**Commission file number: 1-10989**

# Ventas, Inc.

(Exact Name of Registrant as Specified in Its Charter)

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

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

**60654**
(Zip Code)

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

**Not Applicable**

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

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

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

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

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

| **Class of Common Stock:** | **Outstanding at July 26, 2017:** |
|---|---|
| Common Stock, $0.25 par value | 356,150,173 |

**VENTAS, INC.**
**FORM 10-Q**

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## PART I—FINANCIAL INFORMATION

### ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

**VENTAS, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | As of June 30, 2017 | As of December 31, 2016 |
|---|---|---|
| | (In thousands, except per share amounts) | |
| **Assets** | | |
| Real estate investments: | | |
| Land and improvements | $ 2,117,692 | $ 2,089,591 |
| Buildings and improvements | 21,827,419 | 21,516,396 |
| Construction in progress | 281,093 | 210,599 |
| Acquired lease intangibles | 1,534,173 | 1,510,629 |
| | 25,760,377 | 25,327,215 |
| Accumulated depreciation and amortization | (5,220,611) | (4,932,461) |
| Net real estate property | 20,539,766 | 20,394,754 |
| Secured loans receivable and investments, net | 1,395,404 | 702,021 |
| Investments in unconsolidated real estate entities | 119,794 | 95,921 |
| Net real estate investments | 22,054,964 | 21,192,696 |
| Cash and cash equivalents | 103,353 | 286,707 |
| Escrow deposits and restricted cash | 68,343 | 80,647 |
| Goodwill | 1,034,054 | 1,033,225 |
| Assets held for sale | 89,569 | 54,961 |
| Other assets | 505,475 | 518,364 |
| Total assets | $ 23,855,758 | $ 23,166,600 |
| **Liabilities and equity** | | |
| Liabilities: | | |
| Senior notes payable and other debt | $ 11,907,997 | $ 11,127,326 |
| Accrued interest | 87,248 | 83,762 |
| Accounts payable and other liabilities | 929,573 | 907,928 |
| Liabilities related to assets held for sale | 9,812 | 1,462 |
| Deferred income taxes | 296,822 | 316,641 |
| Total liabilities | 13,231,452 | 12,437,119 |
| Redeemable OP unitholder and noncontrolling interests | 182,154 | 200,728 |
| Commitments and contingencies | | |
| Equity: | | |
| Ventas stockholders' equity: | | |
| Preferred stock, $1.00 par value; 10,000 shares authorized, unissued | — | — |
| Common stock, $0.25 par value; 600,000 shares authorized, 356,134 and 354,125 shares issued at June 30, 2017 and December 31, 2016, respectively | 89,016 | 88,514 |
| Capital in excess of par value | 13,019,023 | 12,917,002 |
| Accumulated other comprehensive loss | (45,035) | (57,534) |
| Retained earnings (deficit) | (2,688,946) | (2,487,695) |
| Treasury stock, 0 and 1 shares at June 30, 2017 and December 31, 2016, respectively | — | (47) |
| Total Ventas stockholders' equity | 10,374,058 | 10,460,240 |
| Noncontrolling interests | 68,094 | 68,513 |
| Total equity | 10,442,152 | 10,528,753 |
| Total liabilities and equity | $ 23,855,758 | $ 23,166,600 |

See accompanying notes.

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands, except per share amounts) | | | |
| **Revenues** | | | | |
| Rental income: | | | | |
| Triple-net leased | $ 213,258 | $ 210,119 | $ 422,585 | $ 424,606 |
| Office | 186,240 | 144,087 | 372,135 | 288,223 |
| | 399,498 | 354,206 | 794,720 | 712,829 |
| Resident fees and services | 460,243 | 464,437 | 924,431 | 928,413 |
| Office building and other services revenue | 3,179 | 5,504 | 6,585 | 12,689 |
| Income from loans and investments | 32,368 | 24,146 | 52,514 | 46,532 |
| Interest and other income | 202 | 111 | 683 | 230 |
| Total revenues | 895,490 | 848,404 | 1,778,933 | 1,700,693 |
| **Expenses** | | | | |
| Interest | 113,572 | 103,665 | 222,376 | 206,938 |
| Depreciation and amortization | 224,108 | 221,961 | 441,891 | 458,348 |
| Property-level operating expenses: | | | | |
| Senior living | 308,625 | 307,989 | 620,698 | 620,530 |
| Office | 57,205 | 43,966 | 114,119 | 87,647 |
| | 365,830 | 351,955 | 734,817 | 708,177 |
| Office building services costs | 552 | 1,852 | 1,290 | 5,303 |
| General, administrative and professional fees | 33,282 | 32,094 | 67,243 | 63,820 |
| Loss on extinguishment of debt, net | 36 | 2,468 | 345 | 2,782 |
| Merger-related expenses and deal costs | 6,043 | 7,224 | 8,099 | 8,856 |
| Other | 1,848 | 2,303 | 3,036 | 6,471 |
| Total expenses | 745,271 | 723,522 | 1,479,097 | 1,460,695 |
| Income before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 150,219 | 124,882 | 299,836 | 239,998 |
| (Loss) income from unconsolidated entities | (106) | 1,418 | 3,044 | 1,220 |
| Income tax benefit | 2,159 | 11,549 | 5,304 | 19,970 |
| Income from continuing operations | 152,272 | 137,849 | 308,184 | 261,188 |
| Discontinued operations | (23) | (148) | (76) | (637) |
| Gain on real estate dispositions | 719 | 5,739 | 44,008 | 31,923 |
| Net income | 152,968 | 143,440 | 352,116 | 292,474 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Net income attributable to common stockholders | $ 151,831 | $ 143,162 | $ 349,958 | $ 292,142 |
| **Earnings per common share** | | | | |
| Basic: | | | | |
| Income from continuing operations | $ 0.43 | $ 0.41 | $ 0.87 | $ 0.77 |
| Net income attributable to common stockholders | 0.43 | 0.42 | 0.99 | 0.87 |
| Diluted: | | | | |
| Income from continuing operations | $ 0.42 | $ 0.40 | $ 0.86 | $ 0.77 |
| Net income attributable to common stockholders | 0.42 | 0.42 | 0.98 | 0.86 |
| **Weighted average shares used in computing earnings per common share:** | | | | |
| Basic | 355,024 | 338,901 | 354,719 | 337,230 |
| Diluted | 358,311 | 342,571 | 357,919 | 340,851 |
| Dividends declared per common share | $ 0.775 | $ 0.73 | $ 1.55 | $ 1.46 |

See accompanying notes.

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Net income | $ 152,968 | $ 143,440 | $ 352,116 | $ 292,474 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation | 8,286 | (22,715) | 12,368 | (33,383) |
| Change in unrealized gain on marketable securities | (62) | 69 | (185) | 250 |
| Other | 398 | (1,617) | 316 | (3,497) |
| Total other comprehensive income (loss) | 8,622 | (24,263) | 12,499 | (36,630) |
| Comprehensive income | 161,590 | 119,177 | 364,615 | 255,844 |
| Comprehensive income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Comprehensive income attributable to common stockholders | $ 160,453 | $ 118,899 | $ 362,457 | $ 255,512 |

See accompanying notes.

**VENTAS, INC.**
**CONSOLIDATED STATEMENTS OF EQUITY**
**For the Six Months Ended June 30, 2017 and the Year Ended December 31, 2016**
**(Unaudited)**

| | Common Stock Par Value | Capital in Excess of Par Value | Accumulated Other Comprehensive Income (Loss) | Retained Earnings (Deficit) | Treasury Stock | Total Ventas Stockholders' Equity | Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | (In thousands, except per share amounts | | | | | | | |
| Balance at January 1, 2016 | $ 83,579 | $ 11,602,838 | $ (7,565) | $ (2,111,958) | $ (2,567) | $ 9,564,327 | $ 61,100 | $ 9,625,427 |
| Net income | — | — | — | 649,231 | — | 649,231 | 2,259 | 651,490 |
| Other comprehensive loss | — | — | (49,969) | — | — | (49,969) | — | (49,969) |
| Impact of CCP Spin-Off | — | 640 | — | — | — | 640 | — | 640 |
| Net change in noncontrolling interests | — | (2,179) | — | — | — | (2,179) | 19,008 | 16,829 |
| Dividends to common stockholders—$2.965 per share | — | — | — | (1,024,968) | — | (1,024,968) | — | (1,024,968) |
| Issuance of common stock | 4,716 | 1,281,947 | — | — | 17 | 1,286,680 | — | 1,286,680 |
| Issuance of common stock for stock plans | 99 | 26,594 | — | — | 2,572 | 29,265 | — | 29,265 |
| Change in redeemable noncontrolling interests | — | (1,714) | — | — | — | (1,714) | (13,854) | (15,568) |
| Adjust redeemable OP unitholder interests to current fair value | — | (21,085) | — | — | — | (21,085) | — | (21,085) |
| Redemption of OP units | 92 | 22,622 | — | — | 1,098 | 23,812 | — | 23,812 |
| Grant of restricted stock, net of forfeitures | 28 | 7,339 | — | — | (1,167) | 6,200 | — | 6,200 |
| Balance at December 31, 2016 | 88,514 | 12,917,002 | (57,534) | (2,487,695) | (47) | 10,460,240 | 68,513 | 10,528,753 |
| Net income | — | — | — | 349,958 | — | 349,958 | 2,158 | 352,116 |
| Other comprehensive income | — | — | 12,499 | — | — | 12,499 | — | 12,499 |
| Impact of CCP Spin-Off | — | 74 | — | — | — | 74 | — | 74 |
| Net change in noncontrolling interests | — | (1,427) | — | — | — | (1,427) | (8,272) | (9,699) |
| Dividends to common stockholders—$1.55 per share | — | — | — | (551,209) | — | (551,209) | — | (551,209) |
| Issuance of common stock | 276 | 72,768 | — | — | 552 | 73,596 | — | 73,596 |
| Issuance of common stock for stock plans | 80 | 17,870 | — | — | 226 | 18,176 | — | 18,176 |
| Change in redeemable noncontrolling interests | — | 746 | — | — | — | 746 | 5,695 | 6,441 |
| Adjust redeemable OP unitholder interests to current fair value | — | (20,163) | — | — | — | (20,163) | — | (20,163) |
| Redemption of OP units | 80 | 19,644 | — | — | 2,783 | 22,507 | — | 22,507 |
| Grant of restricted stock, net of forfeitures | 66 | 12,509 | — | — | (3,514) | 9,061 | — | 9,061 |
| Balance at June 30, 2017 | $ 89,016 | $ 13,019,023 | $ (45,035) | $ (2,688,946) | $ — | $ 10,374,058 | $ 68,094 | $ 10,442,152 |

See accompanying notes.

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

| | For the Six Months Ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| | **(In thousands)** | |
| Cash flows from operating activities: | | |
| Net income | $ 352,116 | $ 292,474 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 441,891 | 458,348 |
| Amortization of deferred revenue and lease intangibles, net | (10,849) | (10,090) |
| Other non-cash amortization | 6,584 | 4,687 |
| Stock-based compensation | 13,396 | 10,037 |
| Straight-lining of rental income, net | (11,155) | (15,426) |
| Loss on extinguishment of debt, net | 345 | 2,782 |
| Gain on real estate dispositions | (44,008) | (31,923) |
| Gain on re-measurement of equity interest upon acquisition, net | (3,027) | — |
| Gain on real estate loan investments | (4) | (33) |
| Income tax benefit | (7,104) | (21,443) |
| Income from unconsolidated entities | (17) | (1,220) |
| Distributions from unconsolidated entities | 3,134 | 3,873 |
| Other | 1,348 | 724 |
| Changes in operating assets and liabilities: | | |
| Decrease in other assets | 29,934 | 10,609 |
| Increase (decrease) in accrued interest | 4,550 | (769) |
| Decrease in accounts payable and other liabilities | (39,878) | (41,894) |
| Net cash provided by operating activities | 737,256 | 660,736 |
| Cash flows from investing activities: | | |
| Net investment in real estate property | (239,498) | (34,453) |
| Investment in loans receivable and other | (718,233) | (152,450) |
| Proceeds from real estate disposals | 19,570 | 63,561 |
| Proceeds from loans receivable | 25,067 | 7,644 |
| Development project expenditures | (143,269) | (69,679) |
| Capital expenditures | (55,952) | (46,925) |
| Investment in unconsolidated entities | (39,048) | (4,265) |
| Net cash used in investing activities | (1,151,363) | (236,567) |
| Cash flows from financing activities: | | |
| Net change in borrowings under revolving credit facility | 364,456 | 24,304 |
| Proceeds from debt | 1,028,509 | 416,217 |
| Repayment of debt | (656,536) | (740,337) |
| Purchase of noncontrolling interests | (15,809) | (1,604) |
| Payment of deferred financing costs | (19,687) | (3,844) |
| Issuance of common stock, net | 73,596 | 377,739 |
| Cash distribution to common stockholders | (550,965) | (493,471) |
| Cash distribution to redeemable OP unitholders | (3,720) | (4,437) |
| Contributions from noncontrolling interests | 2,227 | 5,680 |
| Distributions to noncontrolling interests | (4,156) | (3,582) |
| Other | 9,702 | 3,622 |
| Net cash provided by (used in) financing activities | 227,617 | (419,713) |
| Net (decrease) increase in cash and cash equivalents | (186,490) | 4,456 |
| Effect of foreign currency translation on cash and cash equivalents | 3,136 | (157) |
| Cash and cash equivalents at beginning of period | 286,707 | 53,023 |
| Cash and cash equivalents at end of period | $ 103,353 | $ 57,322 |

See accompanying notes.

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

| | For the Six Months Ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| | **(In thousands)** | |
| Supplemental schedule of non-cash activities: | | |
| Assets and liabilities assumed from acquisitions: | | |
| Real estate investments | $ 205,266 | $ 8,665 |
| Utilization of funds held for an Internal Revenue Code Section 1031 exchange | (84,995) | (6,954) |
| Other assets acquired | (4,096) | 861 |
| Debt assumed | 64,629 | — |
| Other liabilities | 65,754 | 2,638 |
| Deferred income tax liability | (16,180) | (66) |
| Noncontrolling interests | 1,972 | — |
| Equity issued for redemption of OP and Class C units | 22,359 | 20,770 |

See accompanying notes.

## NOTE 1—DESCRIPTION OF BUSINESS

Ventas, Inc. (together with its subsidiaries, unless otherwise indicated or except where the context otherwise requires, "we," "us" or "our"), an S&P 500 company, is a real estate investment trust ("REIT") with a highly diversified portfolio of seniors housing and healthcare properties located throughout the United States, Canada and the United Kingdom. As of June 30, 2017 , we owned approximately 1,300 properties (including properties owned through investments in unconsolidated entities and properties classified as held for sale), consisting of seniors housing communities, medical office buildings ("MOBs"), life science and innovation centers, inpatient rehabilitation and long-term acute care facilities, general acute care hospitals and skilled nursing facilities ("SNFs"), and we had eight properties under development, including one property that is owned by an unconsolidated real estate entity. Our company was originally founded in 1983 and is headquartered in Chicago, Illinois.

We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of June 30, 2017 , we leased a total of 580 properties (excluding MOBs) 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, and we engaged independent operators, such as Atria Senior Living, Inc. ("Atria") and Sunrise Senior Living, LLC (together with its subsidiaries, "Sunrise"), to manage 301 seniors housing communities for us pursuant to long-term management agreements.

Our three largest tenants, Brookdale Senior Living Inc. (together with its subsidiaries, "Brookdale Senior Living"), Ardent Health Partners, LLC (together with its subsidiaries, "Ardent") and Kindred Healthcare, Inc. (together with its subsidiaries, "Kindred") leased from us 141 properties (excluding one property managed by Brookdale Senior Living pursuant to a long-term management agreement), 10 properties and 68 properties (excluding one MOB included within our office operations reportable business segment), respectively, as of June 30, 2017 .

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

## NOTE 2—ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the Securities and Exchange Commission ("SEC") instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results for the three and six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017 . The accompanying Consolidated Financial Statements and related notes should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016 , filed with the SEC on February 14, 2017. 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; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities

either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate our investment in a VIE when we determine that we are its primary beneficiary. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity's equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

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

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

We consolidate several VIEs that share the following common characteristics:

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

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

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

| | June 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Total Assets | Total Liabilities | Total Assets | Total Liabilities |
| | (In thousands) | | | |
| NHP/PMB L.P. | $ 626,227 | $ 194,369 | $ 639,763 | $ 199,674 |
| Ventas Realty Capital Healthcare Trust Operating Partnership, L.P. | — | — | 2,143,139 | 162,426 |
| Other identified VIEs | 1,945,402 | 332,971 | 1,882,336 | 354,034 |
| Tax credit VIEs | 949,241 | 222,644 | 981,752 | 234,109 |

***Investments in Unconsolidated Entities***

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

We base the initial carrying value of investments in unconsolidated entities on the fair value of the assets at the time we acquired the joint venture interest. We estimate fair values for our equity method investments based on discounted cash flow models that include all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums or discounts. The capitalization rates, discount rates and credit spreads we use in these models are based upon assumptions that we believe to be within a reasonable range of current market rates for the respective investments.

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

***Redeemable OP Unitholder and Noncontrolling Interests***

We own a majority interest in NHP/PMB L.P. ("NHP/PMB"), a limited partnership formed in 2008 to acquire properties from entities affiliated with Pacific Medical Buildings LLC. We consolidate NHP/PMB, as our wholly owned subsidiary is the general partner, who is the primary beneficiary of this VIE. As of June 30, 2017 , third party investors owned 2.7 million Class A limited partnership units in NHP/PMB ("OP Units"), which represented 27.5% of the total units then outstanding, and we owned 7.2 million Class B limited partnership units in NHP/PMB, representing the remaining 72.5% . At any time following the first anniversary of the date of their issuance, the OP Units may be redeemed at the election of the holder for cash or, at our option, 0.9051 shares of our common stock per OP Unit, subject to further adjustment in certain circumstances. We are party by assumption to a registration rights agreement with the holders of the OP Units that requires us, subject to the terms and conditions and certain exceptions set forth therein, to file and maintain a registration statement relating to the issuance of shares of our common stock upon redemption of OP Units.

Prior to January 2017, we owned a majority interest in Ventas Realty Capital Healthcare Trust Operating Partnership, L.P. ("Ventas Realty OP") and we consolidated this entity, as our wholly owned subsidiary is the general partner, and was the primary beneficiary of this VIE. In January 2017, third party investors redeemed the remaining 341,776 limited partnership units ("Class C Units") outstanding for 341,776 shares of Ventas common stock, valued at $20.9 million . After giving effect to such redemptions, Ventas Realty OP is our wholly owned subsidiary.

As redemption rights are outside of our control, the redeemable OP Units and Class C Units (together, the "OP Unitholder Interests") are classified outside of permanent equity on our Consolidated Balance Sheets. We reflect the redeemable OP Unitholder Interests at the greater of cost or fair value. As of June 30, 2017 and December 31, 2016 , the fair value of the redeemable OP Unitholder Interests was $171.1 million and $177.2 million , respectively. We recognize changes in fair value through capital in excess of par value, net of cash distributions paid and purchases by us of any OP Unitholder Interests. Our diluted earnings per share ("EPS") includes the effect of any potential shares outstanding from redemption of the OP Unitholder Interests.

Certain noncontrolling interests of other consolidated joint ventures were also classified as redeemable at June 30, 2017 and December 31, 2016 . Accordingly, we record the carrying amount of these noncontrolling interests at the greater of their initial carrying amount (increased or decreased for the noncontrolling interests' share of net income or loss and distributions) or the redemption value. Our joint venture partners have certain redemption rights with respect to their noncontrolling interests in these joint ventures that are outside of our control, and the redeemable noncontrolling interests are classified outside of permanent equity on our Consolidated Balance Sheets. We recognize changes in the carrying value of redeemable noncontrolling interests through capital in excess of par value. In March 2017, certain joint venture partners redeemed all (or a portion) of their interests for $15.8 million .

***Noncontrolling Interests***

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

***Accounting for Historic and New Markets Tax Credits***

For certain of our life science and innovation centers, we are party to contractual arrangements with TCIs that were established to enable the TCIs to receive benefits of historic tax credits ("HTCs") and/or new market tax credits ("NMTCs"). As of June 30, 2017 , we owned ten properties ( two of which were in development) that had syndicated HTCs or NMTCs, or both, to TCIs.

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

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

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

***Accounting for Real Estate Acquisitions***

On January 1, 2017, we adopted Accounting Standards Update ("ASU") 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01") which narrows the FASB's definition of a business and provides a framework that gives entities a basis for making reasonable judgments about whether a transaction involves an asset or a business. ASU 2017-01 states that when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the acquired asset is not a business. If this initial test is not met, an acquired asset cannot be considered a business unless it includes an input and a substantive process that together significantly contribute to the ability to create output. The primary differences between business combinations and asset acquisitions include recognition of goodwill at the acquisition date and expense recognition for transaction costs as incurred. We are applying ASU 2017-01 prospectively for acquisitions after January 1, 2017.

Regardless of whether an acquisition is considered a business combination or an asset acquisition, we record the cost of the businesses or assets acquired as tangible and intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Intangibles primarily include the value of in-place leases and acquired lease contracts.

We estimate the fair value of buildings acquired on an as-if-vacant basis, or replacement cost basis and depreciate the building value over the estimated remaining life of the building, generally not to exceed 35 years. We determine the fair value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives as determined at the applicable acquisition date. We determine the value of land either by considering the sales prices of similar properties in recent transactions or based on internal analyses of recently acquired and existing comparable properties within our portfolio. We generally determine the value of construction in progress based upon the replacement cost. However, for certain acquired properties that are part of a ground-up development, we determine fair value by using the same valuation approach as for all other properties and deducting the estimated cost to complete the development. During the remaining construction period, we capitalize project costs until the development has reached substantial completion. Construction in progress, including capitalized interest, is not depreciated until the development has reached substantial completion.

The fair value of acquired lease-related intangibles, if any, reflects: (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and in-place lease rent; and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including leasing commissions, and an estimated value of

the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant. We amortize any acquired lease-related intangibles to revenue or amortization expense over the remaining life of the associated lease plus any assumed bargain renewal periods. If a lease is terminated prior to its stated expiration or not renewed upon expiration, we recognize all unamortized amounts of lease-related intangibles associated with that lease in operations at that time.

We estimate the fair value of purchase option intangible assets and liabilities, if any, by discounting the difference between the applicable property's acquisition date fair value and an estimate of its future option price. We do not amortize the resulting intangible asset or liability over the term of the lease, but rather adjust the recognized value of the asset or liability upon sale.

We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential for significant, additional future leasing arrangements with the tenant, and we amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names and trademarks using a royalty rate methodology and amortize that value over the estimated useful life of the trade name or trademark.

In connection with an acquisition, we may assume rights and obligations under certain lease agreements pursuant to which we become the lessee of a given property. We generally assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. We assess assumed operating leases, including ground leases, to determine whether the lease terms are favorable or unfavorable to us given current market conditions on the acquisition date. To the extent the lease terms are favorable or unfavorable to us relative to market conditions on the acquisition date, we recognize an intangible asset or liability at fair value and amortize that asset or liability to interest or rental expense in our Consolidated Statements of Income over the applicable lease term. We include all lease-related intangible assets and liabilities within acquired lease intangibles and accounts payable and other liabilities, respectively, on our Consolidated Balance Sheets.

We determine the fair value of loans receivable acquired by discounting the estimated future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings. We do not establish a valuation allowance at the acquisition date because the estimated future cash flows already reflect our judgment regarding their uncertainty. We recognize the difference between the acquisition date fair value and the total expected cash flows as interest income using an effective interest method over the life of the applicable loan. Subsequent to the acquisition date, we evaluate changes regarding the uncertainty of future cash flows and the need for a valuation allowance, as appropriate.

We estimate the fair value of noncontrolling interests assumed consistent with the manner in which we value all of the underlying assets and liabilities.

We calculate the fair value of long-term assumed debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate at which we would expect to incur a replacement instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument.

***Impairment of Long-Lived and Intangible Assets***

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

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

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

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

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

***Assets Held for Sale and Discontinued Operations***

We sell properties from time to time for various reasons, including favorable market conditions or the exercise of purchase options by tenants. We classify certain long-lived assets as held for sale once the criteria, as defined by GAAP, has been met. Long-lived assets to be disposed of are reported at the lower of their carrying amount or fair value minus cost to sell and are no longer depreciated. We report discontinued operations when the following criteria are met: (1) a component of an entity or group of components has been disposed of or classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results; or (2) an acquired business is classified as held for sale on the acquisition date. The results of operations for assets meeting the definition of discontinued operations are reflected in our Consolidated Statements of Income as discontinued operations for all periods presented. We allocate estimated interest expense to discontinued operations based on property values and our weighted average interest rate or the property's actual mortgage interest.

***Fair Values of Financial Instruments***

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

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

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

- *Cash and cash equivalents* - The carrying amount of unrestricted cash and cash equivalents reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.
- *Escrow deposits and restricted cash* - The carrying amount of escrow deposits and restricted cash reported on our Consolidated Balance Sheets approximates fair value due to the short maturity of these instruments.
- *Loans receivable* - We estimate the fair value of loans receivable using level two and level three inputs. We discount future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings.
- *Marketable debt securities* - We estimate the fair value of corporate bonds, if any, using level two inputs. We observe quoted prices for similar assets or liabilities in active markets that we have the ability to access. We estimate the fair value of certain government-sponsored pooled loan investments using level three inputs. We consider credit spreads, underlying asset performance and credit quality, and default rates.
- *Derivative instruments* - With the assistance of a third party, we estimate the fair value of derivative instruments, including interest rate caps, interest rate swaps, and foreign currency forward contracts, using level two inputs.
    - Interest rate caps - We observe forward yield curves and other relevant information;
    - Interest rate swaps - We observe alternative financing rates derived from market-based financing rates, forward yield curves and discount rates; and
    - Foreign currency forward contracts - We estimate the future values of the two currency tranches using forward exchange rates that are based on traded forward points and calculate a present value of the net amount using a discount factor based on observable traded interest rates.
- *Senior notes payable and other debt* - We estimate the fair value of senior notes payable and other debt using level two inputs. We discount the future cash flows using current interest rates at which we could obtain similar borrowings. For mortgage debt, we may estimate fair value using level three inputs, similar to those used in determining fair value of loans receivable (above).
- *Redeemable OP Unitholder Interests* - We estimate the fair value of our redeemable OP Unitholder Interests using level one inputs. We base fair value on the closing price of our common stock, as OP Units (and previously Class C Units) may be redeemed at the election of the holder for cash or, at our option, shares of our common stock, subject to adjustment in certain circumstances.

***Revenue Recognition***

*Triple-Net Leased Properties and Office Operations*

Certain of our triple-net leases and most of our MOB and life science and innovation center (collectively, “office operations”) 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 collectibility 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 June 30, 2017 and December 31, 2016 , this cumulative excess totaled $256.2 million (net of allowances of $113.1 million ) and $244.6 million (net of allowances of $109.8 million ), respectively (excluding properties classified as held for sale).

Certain of our 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 terms of 12 to 18 months and are cancelable by the resident upon 30 days’ notice.

*Other*

We recognize interest income from loans and investments, 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 or less than 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. 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 provide a reserve against the 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 in the period we make such change in our assumptions or estimates.

***Recently Issued or Adopted Accounting Standards***

On January 1, 2017, we adopted ASU 2016-09, *Compensation - Stock Compensation* ("ASU 2016-09") which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Adoption of ASU 2016-09 did not have a significant impact on our Consolidated Financial Statements.

In 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers* ("ASU 2014-09", as codified in "ASC 606"), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASC 606 states that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." While ASC 606 specifically references contracts with customers, it may also apply to certain other transactions such as the sale of real estate. ASC 606 is effective for us beginning January 1, 2018 and we plan to adopt ASC 606 using the modified retrospective method.

We have evaluated all of our revenue streams to identify any differences in the timing, measurement or presentation of revenue recognition. Based on a review of our various revenue streams, we believe the following items in our Consolidated Statements of Income are subject to ASC 606: office building and other services revenue, certain elements of our resident fees and services, common area maintenance in our office operations and gains on the sale of real estate. Our office building and other services revenues are primarily generated by management contracts where we provide management, leasing, marketing, facility development and advisory services. Resident fees and services include revenues generated through services we provide to residents of our seniors housing communities that are ancillary to the residents' contractual rights to occupy living and common-area space at the communities, such as care, meals, transportation and activities. While these revenue streams are subject to the application of ASC 606, we believe that the recognition of income will be consistent with the current accounting model because currently the revenues associated with these services are generally recognized on a monthly basis, the period in which the related services are performed. We will not apply the principles of ASC 606 to our common area maintenance revenues until January 1, 2019, when we adopt ASU 2016-02, *Leases* ("ASU 2016-02").

As it relates to gains on sale of real estate, we expect to recognize any gains when we transfer control of a property and will no longer apply existing sales criteria in ASC 360 *Property, Plant, and Equipment.* We are evaluating the impact of ASC 606 to $31.2 million of deferred gains relating to sales of real estate assets in 2015. Other than the potential cumulative effect adjustment relating to such deferred gains, we do not expect the adoption of ASC 606 to have a significant impact on our Consolidated Financial Statements. Our remaining implementation items include calculating the cumulative effect adjustment,

if any, to be recorded upon adoption of ASC 606, drafting revised disclosures in accordance with the new standard and implementing changes to internal control policies and procedures, if any.

In February 2016, the FASB issued ASU 2016-02, which introduces a lessee model that brings most leases on the balance sheet and, among other changes, eliminates the requirement in current GAAP for an entity to use bright-line tests in determining lease classification. The amendments in ASU 2016-02 do not significantly change the current lessor accounting model. ASU 2016-02 is not effective for us until January 1, 2019, with early adoption permitted. We are continuing to evaluate this guidance and the impact to us, as both lessor and lessee, on our Consolidated Financial Statements.

In 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) ("ASU 2016-15"), which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows and ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"), which requires an entity to show the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for us beginning January 1, 2018 and will be applied by us using a retrospective transition method. Adoption of these standards is not expected to have a significant impact on our Consolidated Financial Statements.

In 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"), which requires a company to recognize the tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for us beginning January 1, 2018, with early adoption permitted. ASU 2016-16 will be applied by us using a modified retrospective method. Adoption of this standard is not expected to have a significant impact on our Consolidated Financial Statements.

**NOTE 3—CONCENTRATION OF CREDIT RISK**

As of June 30, 2017 , Atria, Sunrise, Brookdale Senior Living, Ardent and Kindred managed or operated approximately 21.9% , 10.9% , 7.7% , 4.9% and 1.1% , respectively, of our real estate investments based on gross book value (excluding properties classified as held for sale and properties owned through investments in unconsolidated entities as of June 30, 2017 ). Because Atria and Sunrise manage our properties in exchange for the receipt of a management fee from us, we are not directly exposed to the credit risk of our managers in the same manner or to the same extent as our triple-net lease tenants.

Seniors housing communities, based on gross book value, constituted approximately 25.1% of real estate investments in the triple-net leased properties reportable business segment and 35.3% of real estate investments in the senior living operations reportable business segment (excluding properties classified as held for sale and properties owned through investments in unconsolidated entities as of June 30, 2017 ). MOBs, life science and innovation centers, inpatient rehabilitation and long-term acute care facilities, general acute care hospitals, SNFs and secured loans receivable and investments collectively comprised the remaining 39.6% of real estate investments. Our consolidated properties were located in 46 states, the District of Columbia, seven Canadian provinces and the United Kingdom as of June 30, 2017 , with properties in one state (California) accounting for more than 10% of our total continuing revenues and net operating income ("NOI," which is defined as total revenues, excluding interest and other income, less property-level operating expenses and office building services costs) for the three months then ended.

***Triple-Net Leased Properties***

| | For the Three Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| Revenues [1]: | | |
| Kindred [2] | 5.1% | 5.4% |
| Brookdale Senior Living [3] | 4.7 | 4.9 |
| Ardent | 3.1 | 3.1 |
| NOI: | | |
| Kindred [2] | 8.6% | 9.3% |
| Brookdale Senior Living [3] | 7.9 | 8.3 |
| Ardent | 5.2 | 5.4 |

(1) Total revenues include office building and other services revenue, income from loans and investments and interest and other income.
(2) Includes 36 skilled nursing facilities classified as held for sale at June 30, 2017 that are included in continuing operations.
(3) Excludes one seniors housing community included in senior living operations and includes one seniors housing community classified as held for sale at June 30, 2017 that is included in continuing operations.

Each of our leases with Brookdale Senior Living, Ardent and Kindred 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 our Brookdale Senior Living, Ardent and Kindred leases has a corporate guaranty. Brookdale Senior Living and Kindred have multiple leases with us and those leases contain cross-default provisions tied to each other, as well as lease renewals by lease agreement or by pool of assets.

The properties we lease to Brookdale Senior Living, Ardent and Kindred accounted for a significant portion of our triple-net leased properties segment revenues and NOI for the three months ended June 30, 2017 and 2016 . If any of Brookdale Senior Living, Ardent or Kindred becomes unable or unwilling to satisfy its obligations to us or to renew its leases with us upon expiration of the terms thereof, our financial condition and results of operations could decline, and our ability to service our indebtedness and to make distributions to our stockholders could be impaired. We cannot assure you that Brookdale Senior Living, Ardent and Kindred will have sufficient assets, income and access to financing to enable them to satisfy their respective obligations to us, and any failure, inability or unwillingness by Brookdale Senior Living, Ardent or Kindred 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 Brookdale Senior Living, Ardent and Kindred will elect to renew their respective leases with us upon expiration of the leases or that we will be able to reposition any non-renewed properties on a timely basis or on the same or better economic terms, if at all.

***Senior Living Operations***

As of June 30, 2017 , Atria and Sunrise, collectively, provided comprehensive property management and accounting services with respect to 269 of our 301 seniors housing communities, for which we pay annual management fees pursuant to long-term management agreements.

We rely on our managers’ personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage our senior living operations efficiently and effectively. We also rely on our managers to set appropriate resident fees and otherwise operate our seniors housing communities in compliance with the terms of our management agreements and all applicable laws and regulations. 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 failure, inability or unwillingness to satisfy its respective 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 equity ownership 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, as well as the right to appoint two of six members on the Atria Board of Directors.

***Atria, Sunrise, Brookdale Senior Living, Ardent, and Kindred Information***

Each of Brookdale Senior Living and Kindred 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 Brookdale Senior Living and Kindred contained or referred to in this Quarterly Report on Form 10-Q has been derived from SEC filings made by Brookdale Senior Living or Kindred, as the case may be, or other publicly available information, or was provided to us by Brookdale Senior Living or Kindred, 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 assure you of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Brookdale Senior Living's and Kindred's publicly available filings, which can be found at the SEC's website at www.sec.gov.

Atria, Sunrise and Ardent are not currently subject to the reporting requirements of the SEC. The information related to Atria, Sunrise and Ardent 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, Sunrise or Ardent, 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 assure you of its accuracy.

**NOTE 4—ACQUISITIONS OF REAL ESTATE PROPERTY**

We acquire and invest in seniors housing and healthcare properties primarily to achieve an expected yield on investment, to grow and diversify our portfolio and revenue base, and to reduce our dependence on any single tenant, operator or manager, geographic location, asset type, business model or revenue source.

During the six months ended June 30, 2017 , we acquired 14 triple-net leased properties (including six assets previously owned by an equity method investee) and one life science, research and medical campus (reported within our office operations reportable business segment) for an aggregate purchase price of $404.4 million . Each of these acquisitions was accounted for as an asset acquisition.

**NOTE 5—DISPOSITIONS**

***2017 Activity***

During the six months ended June 30, 2017 , we sold 10 triple-net leased properties, two MOBs, and two vacant land parcels for aggregate consideration of $104.6 million and we recognized a gain on the sale of these assets of $44.0 million .

***Pending Kindred Dispositions***

In November 2016, we entered into agreements with Kindred providing that Kindred will either acquire all 36 SNFs owned by us and operated by Kindred (the "Ventas SNFs") for $700 million , in connection with Kindred's previously announced plan to exit its SNF business; or, renew the current lease on all unpurchased Ventas SNFs not purchased by Kindred by April 30, 2018 until 2025 at the current rent level plus annual escalations. On June 30, 2017 , Kindred announced that it had signed definitive agreements to sell its entire SNF business to an affiliate of Blue Mountain Capital Management, LLC and that, as Kindred closes on the sale of its SNFs, Kindred will pay to us its allocable portion of the sale proceeds for a total $700 million aggregate purchase price for the Ventas SNFs and we will convey the applicable Ventas SNFs to the ultimate buyer. We expect to record a gain exceeding $600 million upon the sale of the Ventas SNFs, which are classified as held for sale on our Consolidated Balance Sheets as of June 30, 2017 . Kindred expects the closings of the sale of the Ventas SNFs to occur in phases, beginning in the third quarter of 2017 and completed by year end 2017. However, there can be no assurance that the closings will occur or the timing of any such closings.

***Real Estate Impairment***

We recognized impairments of $15.6 million and $14.5 million , respectively, for the six months ended June 30, 2017 and 2016 , which are recorded in depreciation and amortization in our Consolidated Statements of Income.

*Assets Held for Sale*

The table below summarizes our real estate assets classified as held for sale as of June 30, 2017 and December 31, 2016 , including the amounts reported on our Consolidated Balance Sheets.

| | June 30, 2017 | | | December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of Properties Held for Sale | Assets Held for Sale | Liabilities Related to Assets Held for Sale | Number of Properties Held for Sale | Assets Held for Sale | Liabilities Related to Assets Held for Sale |
| | | (Dollars in thousands) | | | | |
| Triple-net Leased Properties | 37 | $ 36,500 | $ 8,547 | — | $ — | $ — |
| Office Operations | 7 | 53,069 | 1,265 | 7 | 53,151 | 1,462 |
| Senior Living Operations* | — | — | — | — | 1,810 | — |
| Total | 44 | $ 89,569 | $ 9,812 | 7 | $ 54,961 | $ 1,462 |

* Includes one vacant land parcel classified as held for sale as of December 31, 2016 and sold in June 2017.

**NOTE 6—LOANS RECEIVABLE AND INVESTMENTS**

As of June 30, 2017 and December 31, 2016 , we had $1.4 billion and $754.6 million , respectively, of net loans receivable and investments relating to seniors housing and healthcare operators or properties. The following is a summary of our net loans receivable and investments as of June 30, 2017 and December 31, 2016 , including amortized cost, fair value and unrealized gains or losses on available-for-sale investments:

| | Carrying Amount | Amortized Cost | Fair Value | Unrealized Gain |
|---|---|---|---|---|
| | | (In thousands) | | |
| **As of June 30, 2017:** | | | | |
| Secured/mortgage loans and other | $ 1,339,886 | $ 1,339,886 | $ 1,359,831 | $ — |
| Government-sponsored pooled loan investments [1] | 55,518 | 54,464 | 55,518 | 1,054 |
| Total investments reported as Secured loans receivable and investments, net | 1,395,404 | 1,394,350 | 1,415,349 | 1,054 |
| | | | | |
| Non-mortgage loans receivable, net | 53,724 | 53,724 | 54,587 | — |
| Total investments reported as Other assets | 53,724 | 53,724 | 54,587 | — |
| Total loans receivable and investments, net | $ 1,449,128 | $ 1,448,074 | $ 1,469,936 | $ 1,054 |
| | | | | |
| **As of December 31, 2016:** | | | | |
| Secured/mortgage loans and other | $ 646,972 | $ 646,972 | $ 655,981 | $ — |
| Government-sponsored pooled loan investments [1] | 55,049 | 53,810 | 55,049 | 1,239 |
| Total investments reported as Secured loans receivable and investments, net | 702,021 | 700,782 | 711,030 | 1,239 |
| | | | | |
| Non-mortgage loans receivable, net | 52,544 | 52,544 | 53,626 | — |
| Total investments reported as Other assets | 52,544 | 52,544 | 53,626 | — |
| Total loans receivable and investments, net | $ 754,565 | $ 753,326 | $ 764,656 | $ 1,239 |

[1] Investments in government-sponsored pool loans have contractual maturity dates in 2023.

*2017 Activity*

In March 2017, we provided secured debt financing to a subsidiary of Ardent to facilitate Ardent's acquisition of LHP Hospital Group, Inc., which included a $700.0 million term loan and a $60.0 million revolving line of credit feature (of which $27.5 million was outstanding at June 30, 2017 ). The LIBOR-based debt financing has a five -year term with a weighted average interest rate of approximately 9.0% as of June 30, 2017 and is guaranteed by Ardent's parent company.

During the six months ended June 30, 2017 , we received $13.7 million for the partial prepayment of secured and unsecured loans receivable and $6.0 million for the full repayment of one secured loan receivable that was due to mature on July 5, 2017.

**NOTE 7—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 because 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 June 30, 2017 , we had ownership interests (ranging from 5% to 25% ) in joint ventures that owned 31 properties, excluding properties under development and properties classified as held for sale. We account for our interests in real estate joint ventures, as well as our 34% interest in Atria and 9.9% interest in Ardent (which are included within other assets on our Consolidated Balance Sheets), under the equity method of accounting.

With the exception of our interests in Atria and Ardent, we provide various services to each unconsolidated entity in exchange for fees and reimbursements. Total management fees earned in connection with these entities were $1.4 million and $1.6 million for the three months ended June 30, 2017 and 2016 , respectively, and $3.0 million and $3.2 million for the six months ended June 30, 2017 and 2016 , respectively, which is included in office building and other services revenue in our Consolidated Statements of Income.

In February 2017, we acquired the controlling interest in six triple-net leased seniors housing communities for a purchase price of $100.0 million . In connection with this acquisition, we re-measured the fair value of our previously held equity interest, resulting in a gain on re-measurement of $3.0 million , which is included in income (loss) from unconsolidated entities in our Consolidated Statements of Income.

**NOTE 8—INTANGIBLES**

The following is a summary of our intangibles as of June 30, 2017 and December 31, 2016 :

| | June 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | 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 | $ 186,323 | 7.2 | $ 184,993 | 6.9 |
| In-place and other lease intangibles | 1,347,850 | 23.6 | 1,325,636 | 23.6 |
| Goodwill | 1,034,054 | N/A | 1,033,225 | N/A |
| Other intangibles | 35,840 | 12.0 | 35,783 | 11.3 |
| Accumulated amortization | (818,055) | N/A | (769,558) | N/A |
| Net intangible assets | $ 1,786,012 | 21.5 | $ 1,810,079 | 21.5 |
| Intangible liabilities: | | | | |
| Below market lease intangibles | $ 361,009 | 13.8 | $ 345,103 | 14.1 |
| Other lease intangibles | 40,343 | 39.5 | 40,843 | 38.5 |
| Accumulated amortization | (148,110) | N/A | (133,468) | N/A |
| Purchase option intangibles | 3,568 | N/A | 3,568 | N/A |
| Net intangible liabilities | $ 256,810 | 15.6 | $ 256,046 | 15.9 |

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, trade names and trademarks) 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 9—OTHER ASSETS**

The following is a summary of our other assets as of June 30, 2017 and December 31, 2016 :

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| | (In thousands) | |
| Straight-line rent receivables, net | $ 256,160 | $ 244,580 |
| Non-mortgage loans receivable, net | 53,724 | 52,544 |
| Other intangibles, net | 7,138 | 8,190 |
| Investments in unconsolidated operating entities | 43,668 | 28,431 |
| Other | 144,785 | 184,619 |
| Total other assets | $ 505,475 | $ 518,364 |

**NOTE 10—SENIOR NOTES PAYABLE AND OTHER DEBT**

The following is a summary of our senior notes payable and other debt as of June 30, 2017 and December 31, 2016 :

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| | (In thousands) | |
| Unsecured revolving credit facility [1] | $ 516,455 | $ 146,538 |
| 1.250% Senior Notes due 2017 | — | 300,000 |
| 2.00% Senior Notes due 2018 | 700,000 | 700,000 |
| Unsecured term loan due 2018 [2] | 200,000 | 200,000 |
| Unsecured term loan due 2019 [2] | 278,586 | 371,215 |
| 4.00% Senior Notes due 2019 | 600,000 | 600,000 |
| 3.00% Senior Notes, Series A due 2019 [3] | 308,595 | 297,841 |
| 2.700% Senior Notes due 2020 | 500,000 | 500,000 |
| Unsecured term loan due 2020 | 900,000 | 900,000 |
| 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 |
| 3.300% Senior Notes due 2022 [3] | 192,871 | 186,150 |
| 3.125% Senior Notes due 2023 | 400,000 | 400,000 |
| 3.100% Senior Notes due 2023 | 400,000 | — |
| 2.55% Senior Notes, Series D due 2023 [3] | 212,159 | — |
| 3.750% Senior Notes due 2024 | 400,000 | 400,000 |
| 4.125% Senior Notes, Series B due 2024 [3] | 192,872 | 186,150 |
| 3.500% Senior Notes due 2025 | 600,000 | 600,000 |
| 4.125% Senior Notes due 2026 | 500,000 | 500,000 |
| 3.25% Senior Notes due 2026 | 450,000 | 450,000 |
| 3.850% Senior Notes due 2027 | 400,000 | — |
| 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 | 258,750 |
| 5.70% Senior Notes due 2043 | 300,000 | 300,000 |
| 4.375% Senior Notes due 2045 | 300,000 | 300,000 |
| Mortgage loans and other | 1,506,572 | 1,718,897 |
| Total | 11,992,233 | 11,190,914 |
| Deferred financing costs, net | (73,679) | (61,304) |
| Unamortized fair value adjustment | 20,696 | 25,224 |
| Unamortized discounts | (31,253) | (27,508) |
| Senior notes payable and other debt | $ 11,907,997 | $ 11,127,326 |

[1] As of June 30, 2017 and December 31, 2016 , respectively, $33.1 million and $146.5 million of aggregate borrowings were denominated in Canadian dollars. Aggregate borrowings of $30.4 million were denominated in British pounds as of June 30, 2017 . There were no aggregate borrowings denominated in British pounds as of December 31, 2016 .

[2] These amounts represent in aggregate the $478.6 million and $571.2 million of unsecured term loan borrowings under our unsecured credit facility as of June 30, 2017 and December 31, 2016 , respectively. As of December 31, 2016 , $92.6 million due 2019 was in the form of Canadian dollars, which was repaid in full during the six months ended June 30, 2017 .

[3] These borrowings are in the form of Canadian dollars.

As of June 30, 2017 , our indebtedness had the following maturities:

| | Principal Amount Due at Maturity | Unsecured Revolving Credit Facility [1] | Scheduled Periodic Amortization | Total Maturities |
|---|---|---|---|---|
| | (In thousands) | | | |
| 2017 | $ 103,561 | $ — | $ 11,611 | $ 115,172 |
| 2018 | 1,101,879 | — | 20,559 | 1,122,438 |
| 2019 | 1,599,713 | — | 14,596 | 1,614,309 |
| 2020 | 1,422,547 | — | 11,697 | 1,434,244 |
| 2021 | 772,838 | 516,455 | 10,228 | 1,299,521 |
| Thereafter [2] | 6,291,984 | — | 114,565 | 6,406,549 |
| Total maturities | $ 11,292,522 | $ 516,455 | $ 183,256 | $ 11,992,233 |

(1) As of June 30, 2017 , we had $103.4 million of unrestricted cash and cash equivalents, for $413.1 million of net borrowings outstanding under our unsecured revolving credit facility.

(2) 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 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 2018, 2023 and 2028.

***Unsecured Revolving Credit Facility and Unsecured Term Loans***

In April 2017, we entered into a new unsecured credit facility comprised of a $3.0 billion unsecured revolving credit facility, initially priced at LIBOR plus 0.875% , that replaced our previous $2.0 billion unsecured revolving credit facility priced at LIBOR plus 1.0% . The new unsecured credit facility is also comprised of our $200.0 million term loan that is scheduled to mature in 2018 and our $278.6 million term loan that is scheduled to mature in 2019. The 2018 and 2019 term loans remain priced at LIBOR plus 1.05% .

The new revolving credit facility matures in 2021, but may be extended at our option subject to the satisfaction of certain conditions for two additional periods of six months each. The new revolving credit facility also includes an accordion feature that permits us to increase our aggregate borrowing capacity thereunder to up to $3.75 billion .

As of June 30, 2017 , we had $516.5 million of borrowings outstanding, $14.5 million of letters of credit outstanding and $2.5 billion of unused borrowing capacity available under our new revolving credit facility.

As of June 30, 2017 , we also had a $900.0 million term loan due 2020 priced at LIBOR plus 0.975% .

***Senior Notes***

In March 2017, Ventas Realty, Limited Partnership (“Ventas Realty”) issued and sold $400.0 million aggregate principal amount of 3.100% senior notes due 2023 at a public offering price equal to 99.280% of par, for total proceeds of $397.1 million before the underwriting discount and expenses, and $400.0 million aggregate principal amount of 3.850% senior notes due 2027 at a public offering price equal to 99.196% of par, for total proceeds of $396.8 million before the underwriting discount and expenses.

In April 2017, we repaid in full, at par, $300.0 million aggregate principal amount then outstanding of our 1.250% senior notes due 2017 upon maturity.

In June 2017, Ventas Canada Finance Limited issued and sold C$275.0 million aggregate principal amount of 2.55% senior notes, Series D due 2023 at a price equal to 99.954% of par, for total proceeds of C$274.9 million before the agent fees and expenses. The notes were offered on a private placement basis in Canada. We used part of the proceeds to repay C $124.4 million on our unsecured term loan due 2019.

***Mortgage Loan Obligations***

During the six months ended June 30, 2017 , we repaid in full mortgage loans outstanding in the aggregate principal amount of $237.0 million with a weighted average maturity of 1.7 years and recognized a gain on extinguishment of debt of $0.4 million in connection with these repayments.

***Derivatives and Hedging***

In January and February 2017, we entered into a total of $275 million of notional forward starting swaps with an effective date of April 3, 2017, that reduced our exposure to fluctuations in interest rates related to changes in rates between the trade dates of the swaps and the forecasted issuance of long-term debt. The rate on the notional amounts was locked at a weighted average rate of 2.33% . In March 2017, these swaps were terminated in conjunction with our issuance of the 3.850% senior notes due 2027, which resulted in a $0.8 million gain which will be recognized over the life of the notes using the effective interest method.

In March 2017, we entered into interest rate swaps totaling a notional amount of $400 million with a maturity of January 15, 2023 , effectively converting fixed rate debt to three month LIBOR-based floating rate debt. As a result, we will receive a fixed rate on the swap of 3.10% and will pay a floating rate equal to three month LIBOR plus a weighted average swap spread of 0.98% .

In June 2017, we entered into a total of $125 million of notional forward starting swaps with an effective date of January 15, 2018 and a maturity of January 15, 2028, that reduced our exposure to fluctuations in interest rates related to changes in rates between the trade dates of the swaps and the forecasted issuance of long-term debt. The rate on the notional amounts was locked at a weighted average rate of 2.1832% .

**NOTE 11—FAIR VALUES OF FINANCIAL INSTRUMENTS**

As of June 30, 2017 and December 31, 2016 , the carrying amounts and fair values of our financial instruments were as follows:

| | June 30, 2017 | | December 31, 2016 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | (In thousands) | | | |
| Assets: | | | | |
| Cash and cash equivalents | $ 103,353 | $ 103,353 | $ 286,707 | $ 286,707 |
| Secured mortgage loans and other, net | 1,339,886 | 1,359,831 | 646,972 | 655,981 |
| Non-mortgage loans receivable, net | 53,724 | 54,587 | 52,544 | 53,626 |
| Government-sponsored pooled loan investments | 55,518 | 55,518 | 55,049 | 55,049 |
| Derivative instruments | 6,716 | 6,716 | 3,302 | 3,302 |
| Liabilities: | | | | |
| Senior notes payable and other debt, gross | 11,992,233 | 12,234,725 | 11,190,914 | 11,369,440 |
| Derivative instruments | 2,358 | 2,358 | 2,316 | 2,316 |
| Redeemable OP unitholder interests | 171,114 | 171,114 | 177,177 | 177,177 |

For a discussion of the assumptions considered, refer to " NOTE 2—ACCOUNTING POLICIES ." 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 12—LITIGATION**

***Proceedings against Tenants, Operators and Managers***

From time to time, Atria, Sunrise, Brookdale Senior Living, Kindred, Ardent 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 Office 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 and some of which may allege large damage amounts) arising in connection with our senior living and office operations or otherwise in the course of our business. In limited circumstances, the manager of the applicable seniors housing community, MOB or life science and innovation center may be contractually obligated to indemnify, defend and hold us harmless against such actions, investigations and claims. It is the opinion of management, except as otherwise set forth in this Note 12 , that 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, we may be forced to expend significant financial resources to defend and resolve these matters. 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 13—INCOME TAXES**

We have elected to be taxed as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended 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, state and foreign income taxes. All entities other than the TRS entities are collectively referred to as the "REIT" within this Note 13 . Certain REIT entities are subject to foreign income tax.

Although the TRS entities and certain other foreign entities have paid minimal cash federal, state and foreign income taxes for the six months ended June 30, 2017 , their income tax liabilities may increase in future periods as we exhaust net operating loss ("NOL") carryforwards and as our senior living and other operations grow. Such increases could be significant.

Our consolidated provision for income taxes for the three months ended June 30, 2017 and 2016 was a benefit of $2.2 million and $11.5 million , respectively. Our consolidated provision for income taxes for the six months ended June 30, 2017 and 2016 was a benefit of $5.3 million and $20.0 million , respectively. The income tax benefits for the three months and six months ended June 30, 2017 and 2016 were each due primarily to operating losses at our taxable REIT subsidiaries; however, $0.8 million and $5.9 million of the income tax benefit for the three and six months ended June 30, 2017 and 2016 , respectively, were due to the reversal of a net deferred tax liability at a TRS entity.

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

Each TRS is a tax paying component for purposes of classifying deferred tax assets and liabilities. Net deferred tax liabilities with respect to our TRS entities totaled $296.8 million and $316.6 million as of June 30, 2017 and December 31, 2016 , respectively, and related primarily to differences between the financial reporting and tax bases of fixed and intangible assets, net of loss carryforwards.

Generally, we are subject to audit under the statute of limitations by the Internal Revenue Service for the year ended December 31, 2013 and subsequent years and are subject to audit by state taxing authorities for the year ended December 31, 2012 and subsequent years. We are subject to audit generally under the statutes of limitation by the Canada Revenue Agency and provincial authorities with respect to the Canadian entities for years ended December 31, 2012 and subsequent years. We are also subject to audit in Canada for periods subsequent to the acquisition, and certain prior periods, with respect to the

entities acquired in 2014 from Holiday Retirement. We are subject to audit in the United Kingdom generally for periods ended in and subsequent to 2015.

## NOTE 14—STOCKHOLDERS' EQUITY

### *Capital Stock*

During the six months ended June 30, 2017 , we sold 1.1 million shares of common stock under our "at-the-market" ("ATM") equity offering program for aggregate net proceeds of $73.9 million , after sales agent commissions. As of June 30, 2017 , approximately $155.6 million of our common stock remained available for sale under our ATM equity offering program.

### *Accumulated Other Comprehensive Loss*

The following is a summary of our accumulated other comprehensive loss as of June 30, 2017 and December 31, 2016 :

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| | (In thousands) | |
| Foreign currency translation | $ (53,824) | $ (66,192) |
| Unrealized gain on marketable securities | 1,054 | 1,239 |
| Other | 7,735 | 7,419 |
| Total accumulated other comprehensive loss | $ (45,035) | $ (57,534) |

## NOTE 15—EARNINGS PER SHARE

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands, except per share amounts) | | | |
| Numerator for basic and diluted earnings per share: | | | | |
| Income from continuing operations | $ 152,272 | $ 137,849 | $ 308,184 | $ 261,188 |
| Discontinued operations | (23) | (148) | (76) | (637) |
| Gain on real estate dispositions | 719 | 5,739 | 44,008 | 31,923 |
| Net income | 152,968 | 143,440 | 352,116 | 292,474 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Net income attributable to common stockholders | $ 151,831 | $ 143,162 | $ 349,958 | $ 292,142 |
| Denominator: | | | | |
| Denominator for basic earnings per share—weighted average shares | 355,024 | 338,901 | 354,719 | 337,230 |
| Effect of dilutive securities: | | | | |
| Stock options | 596 | 630 | 501 | 475 |
| Restricted stock awards | 225 | 154 | 193 | 153 |
| OP Unitholder interests | 2,466 | 2,886 | 2,506 | 2,993 |
| Denominator for diluted earnings per share—adjusted weighted average shares | 358,311 | 342,571 | 357,919 | 340,851 |
| Basic earnings per share: | | | | |
| Income from continuing operations | $ 0.43 | $ 0.41 | $ 0.87 | $ 0.77 |
| Net income attributable to common stockholders | 0.43 | 0.42 | 0.99 | 0.87 |
| Diluted earnings per share: | | | | |
| Income from continuing operations | $ 0.42 | $ 0.40 | $ 0.86 | $ 0.77 |
| Net income attributable to common stockholders | 0.42 | 0.42 | 0.98 | 0.86 |

**NOTE 16—SEGMENT INFORMATION**

As of June 30, 2017 , we operated through three reportable business segments: triple-net leased properties, senior living operations and office operations. Under our triple-net leased properties segment, we invest in and own seniors housing and healthcare properties throughout the United States and the United Kingdom 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. In 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. In our office operations segment, we primarily acquire, own, develop, lease and manage MOBs and life science and innovation centers throughout the United States. Information provided for "all other" includes income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to any of our three reportable business segments. Assets included in "all other" consist primarily of corporate assets, including cash, restricted cash, loans receivable and investments, and miscellaneous accounts receivable.

Our chief operating decision makers evaluate performance of the combined properties in each reportable business segment and determine how to allocate resources to those segments, in significant part, based on segment net operating income ("NOI") and related measures. We define segment NOI as total revenues, less interest and other income, property-level operating expenses and office building services costs . We consider segment NOI useful 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 between periods on a consistent basis. In order to facilitate a clear understanding of our historical consolidated operating results, segment NOI should be examined in conjunction with income from continuing operations 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 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 June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Triple-Net Leased Properties | Senior Living Operations | Office Operations | All Other | Total |
| | (In thousands) | | | | |
| Revenues: | | | | | |
| Rental income | $ 213,258 | $ — | $ 186,240 | $ — | $ 399,498 |
| Resident fees and services | — | 460,243 | — | — | 460,243 |
| Office building and other services revenue | 1,125 | — | 1,848 | 206 | 3,179 |
| Income from loans and investments | — | — | — | 32,368 | 32,368 |
| Interest and other income | — | — | — | 202 | 202 |
| Total revenues | $ 214,383 | $ 460,243 | $ 188,088 | $ 32,776 | $ 895,490 |
| Total revenues | $ 214,383 | $ 460,243 | $ 188,088 | $ 32,776 | $ 895,490 |
| Less: | | | | | |
| Interest and other income | — | — | — | 202 | 202 |
| Property-level operating expenses | — | 308,625 | 57,205 | — | 365,830 |
| Office building services costs | — | — | 552 | — | 552 |
| Segment NOI | 214,383 | 151,618 | 130,331 | 32,574 | 528,906 |
| Income (loss) from unconsolidated entities | 377 | (381) | 298 | (400) | (106) |
| Segment profit | $ 214,760 | $ 151,237 | $ 130,629 | $ 32,174 | 528,800 |
| Interest and other income | | | | | 202 |
| Interest expense | | | | | (113,572) |
| Depreciation and amortization | | | | | (224,108) |
| General, administrative and professional fees | | | | | (33,282) |
| Loss on extinguishment of debt, net | | | | | (36) |
| Merger-related expenses and deal costs | | | | | (6,043) |
| Other | | | | | (1,848) |
| Income tax benefit | | | | | 2,159 |
| Income from continuing operations | | | | | $ 152,272 |

| | For the Three Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Triple-Net Leased Properties | Senior Living Operations | Office Operations | All Other | Total |
| | (In thousands) | | | | |
| Revenues: | | | | | |
| Rental income | $ 210,119 | $ — | $ 144,087 | $ — | $ 354,206 |
| Resident fees and services | — | 464,437 | — | — | 464,437 |
| Office building and other services revenue | 1,231 | — | 3,369 | 904 | 5,504 |
| Income from loans and investments | — | — | — | 24,146 | 24,146 |
| Interest and other income | — | — | — | 111 | 111 |
| Total revenues | $ 211,350 | $ 464,437 | $ 147,456 | $ 25,161 | $ 848,404 |
| Total revenues | $ 211,350 | $ 464,437 | $ 147,456 | $ 25,161 | $ 848,404 |
| Less: | | | | | |
| Interest and other income | — | — | — | 111 | 111 |
| Property-level operating expenses | — | 307,989 | 43,966 | — | 351,955 |
| Office building services costs | — | — | 1,852 | — | 1,852 |
| Segment NOI | 211,350 | 156,448 | 101,638 | 25,050 | 494,486 |
| Income from unconsolidated entities | 825 | 336 | 173 | 84 | 1,418 |
| Segment profit | $ 212,175 | $ 156,784 | $ 101,811 | $ 25,134 | 495,904 |
| Interest and other income | | | | | 111 |
| Interest expense | | | | | (103,665) |
| Depreciation and amortization | | | | | (221,961) |
| General, administrative and professional fees | | | | | (32,094) |
| Loss on extinguishment of debt, net | | | | | (2,468) |
| Merger-related expenses and deal costs | | | | | (7,224) |
| Other | | | | | (2,303) |
| Income tax benefit | | | | | 11,549 |
| Income from continuing operations | | | | | $ 137,849 |

| | For the Six Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Triple-Net Leased Properties | Senior Living Operations | Office Operations | All Other | Total |
| | (In thousands) | | | | |
| Revenues: | | | | | |
| Rental income | $ 422,585 | $ — | $ 372,135 | $ — | $ 794,720 |
| Resident fees and services | — | 924,431 | — | — | 924,431 |
| Office building and other services revenue | 2,330 | — | 3,779 | 476 | 6,585 |
| Income from loans and investments | — | — | — | 52,514 | 52,514 |
| Interest and other income | — | — | — | 683 | 683 |
| Total revenues | $ 424,915 | $ 924,431 | $ 375,914 | $ 53,673 | $ 1,778,933 |
| Total revenues | $ 424,915 | $ 924,431 | $ 375,914 | $ 53,673 | $ 1,778,933 |
| Less: | | | | | |
| Interest and other income | — | — | — | 683 | 683 |
| Property-level operating expenses | — | 620,698 | 114,119 | — | 734,817 |
| Office building services costs | — | — | 1,290 | — | 1,290 |
| Segment NOI | 424,915 | 303,733 | 260,505 | 52,990 | 1,042,143 |
| Income (loss) from unconsolidated entities | 3,646 | (457) | 633 | (778) | 3,044 |
| Segment profit | $ 428,561 | $ 303,276 | $ 261,138 | $ 52,212 | 1,045,187 |
| Interest and other income | | | | | 683 |
| Interest expense | | | | | (222,376) |
| Depreciation and amortization | | | | | (441,891) |
| General, administrative and professional fees | | | | | (67,243) |
| Loss on extinguishment of debt, net | | | | | (345) |
| Merger-related expenses and deal costs | | | | | (8,099) |
| Other | | | | | (3,036) |
| Income tax benefit | | | | | 5,304 |
| Income from continuing operations | | | | | $ 308,184 |

| | For the Six Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Triple-Net Leased Properties | Senior Living Operations | Office Operations | All Other | Total |
| | (In thousands) | | | | |
| Revenues: | | | | | |
| Rental income | $ 424,606 | $ — | $ 288,223 | $ — | $ 712,829 |
| Resident fees and services | — | 928,413 | — | — | 928,413 |
| Office building and other services revenue | 2,430 | — | 8,345 | 1,914 | 12,689 |
| Income from loans and investments | — | — | — | 46,532 | 46,532 |
| Interest and other income | — | — | — | 230 | 230 |
| Total revenues | $ 427,036 | $ 928,413 | $ 296,568 | $ 48,676 | $ 1,700,693 |
| Total revenues | $ 427,036 | $ 928,413 | $ 296,568 | $ 48,676 | $ 1,700,693 |
| Less: | | | | | |
| Interest and other income | — | — | — | 230 | 230 |
| Property-level operating expenses | — | 620,530 | 87,647 | — | 708,177 |
| Office building services costs | — | — | 5,303 | — | 5,303 |
| Segment NOI | 427,036 | 307,883 | 203,618 | 48,446 | 986,983 |
| Income from unconsolidated entities | 154 | 673 | 47 | 346 | 1,220 |
| Segment profit | $ 427,190 | $ 308,556 | $ 203,665 | $ 48,792 | 988,203 |
| Interest and other income | | | | | 230 |
| Interest expense | | | | | (206,938) |
| Depreciation and amortization | | | | | (458,348) |
| General, administrative and professional fees | | | | | (63,820) |
| Loss on extinguishment of debt, net | | | | | (2,782) |
| Merger-related expenses and deal costs | | | | | (8,856) |
| Other | | | | | (6,471) |
| Income tax benefit | | | | | 19,970 |
| Income from continuing operations | | | | | $ 261,188 |

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Capital expenditures: | | | | |
| Triple-net leased properties | $ 48,143 | $ 15,949 | $ 141,952 | $ 56,650 |
| Senior living operations | 30,056 | 24,808 | 51,381 | 43,802 |
| Office operations | 51,390 | 38,192 | 245,386 | 50,605 |
| Total capital expenditures | $ 129,589 | $ 78,949 | $ 438,719 | $ 151,057 |

Our portfolio of properties and mortgage loan and other investments are located in the United States, Canada and the United Kingdom. Revenues are attributed to an individual country based on the location of each property. Geographic information regarding our operations is as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Revenues: | | | | |
| United States | $ 844,623 | $ 797,394 | $ 1,677,443 | $ 1,601,595 |
| Canada | 44,412 | 44,045 | 89,008 | 85,174 |
| United Kingdom | 6,455 | 6,965 | 12,482 | 13,924 |
| Total revenues | $ 895,490 | $ 848,404 | $ 1,778,933 | $ 1,700,693 |

| | As of June 30, 2017 | As of December 31, 2016 |
|---|---|---|
| | (In thousands) | |
| Net real estate property: | | |
| United States | $ 19,190,206 | $ 19,105,939 |
| Canada | 1,056,233 | 1,037,105 |
| United Kingdom | 293,327 | 251,710 |
| Total net real estate property | $ 20,539,766 | 20,394,754 |

**NOTE 17—CONDENSED CONSOLIDATING INFORMATION (Unaudited)**

Ventas, Inc. has fully and unconditionally guaranteed the obligation to pay principal and interest with respect to the outstanding senior notes issued by our 100% owned subsidiary, Ventas Realty, including the senior notes that were jointly issued with Ventas Capital Corporation. Ventas Capital Corporation is a direct 100% owned subsidiary of Ventas Realty that has no assets or operations, but was formed in 2002 solely to facilitate offerings of senior notes by a limited partnership. None of our other subsidiaries (such subsidiaries, excluding Ventas Realty and Ventas Capital Corporation, the "Ventas Subsidiaries") is obligated with respect to Ventas Realty's outstanding senior notes. Certain of Ventas Realty's outstanding senior notes reflected in our condensed consolidating information were issued jointly with Ventas Capital Corporation.

Ventas, Inc. has also fully and unconditionally guaranteed the obligation to pay principal and interest with respect to the outstanding senior notes issued by our 100% owned subsidiary, Ventas Canada Finance Limited. None of our other subsidiaries is obligated with respect to Ventas Canada Finance Limited's outstanding senior notes, all of which were issued on a private placement basis in Canada.

In connection with the acquisition of Nationwide Health Properties, Inc. ("NHP"), 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. Neither we nor any of our subsidiaries (other than NHP LLC) is obligated with respect to any of NHP LLC's outstanding senior notes.

Under certain circumstances, contractual and legal restrictions, including those contained in the instruments governing our subsidiaries' outstanding mortgage indebtedness, may restrict our ability to obtain cash from our subsidiaries for the purpose of meeting our debt service obligations, including our payment guarantees with respect to Ventas Realty's and Ventas Canada Finance Limited's senior notes.

The following pages summarize our condensed consolidating information as of June 30, 2017 and December 31, 2016 and for the three and six months ended June 30, 2017 and 2016 .

**CONDENSED CONSOLIDATING BALANCE SHEET**

| | As of June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Assets** | | | | | |
| Net real estate investments | $ 1,917 | $ 122,140 | $ 21,930,907 | $ — | $ 22,054,964 |
| Cash and cash equivalents | 16,910 | — | 86,443 | — | 103,353 |
| Escrow deposits and restricted cash | 197 | 1,581 | 66,565 | — | 68,343 |
| Investment in and advances to affiliates | 14,716,005 | 2,938,442 | — | (17,654,447) | — |
| Goodwill | — | — | 1,034,054 | — | 1,034,054 |
| Assets held for sale | — | 35,688 | 53,881 | — | 89,569 |
| Other assets | 42,103 | 9,360 | 454,012 | — | 505,475 |
| Total assets | $ 14,777,132 | $ 3,107,211 | $ 23,625,862 | $ (17,654,447) | $ 23,855,758 |
| **Liabilities and equity** | | | | | |
| Liabilities: | | | | | |
| Senior notes payable and other debt | $ — | $ 9,346,233 | $ 2,561,764 | $ — | $ 11,907,997 |
| Intercompany loans | 7,720,779 | (7,102,600) | (618,179) | — | — |
| Accrued interest | (4,896) | 71,831 | 20,313 | — | 87,248 |
| Accounts payable and other liabilities | 133,472 | 22,618 | 773,483 | — | 929,573 |
| Liabilities related to assets held for sale | — | 8,517 | 1,295 | — | 9,812 |
| Deferred income taxes | 296,822 | — | — | — | 296,822 |
| Total liabilities | 8,146,177 | 2,346,599 | 2,738,676 | — | 13,231,452 |
| Redeemable OP unitholder and noncontrolling interests | — | — | 182,154 | — | 182,154 |
| Total equity | 6,630,955 | 760,612 | 20,705,032 | (17,654,447) | 10,442,152 |
| Total liabilities and equity | $ 14,777,132 | $ 3,107,211 | $ 23,625,862 | $ (17,654,447) | $ 23,855,758 |

**CONDENSED CONSOLIDATING BALANCE SHEET**

| | As of December 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Assets** | | | | | |
| Net real estate investments | $ 2,007 | $ 173,259 | $ 21,017,430 | $ — | $ 21,192,696 |
| Cash and cash equivalents | 210,303 | — | 76,404 | — | 286,707 |
| Escrow deposits and restricted cash | 198 | 1,504 | 78,945 | — | 80,647 |
| Investment in and advances to affiliates | 14,258,931 | 2,938,441 | — | (17,197,372) | — |
| Goodwill | — | — | 1,033,225 | — | 1,033,225 |
| Assets held for sale | — | — | 54,961 | — | 54,961 |
| Other assets | 35,468 | 6,792 | 476,104 | — | 518,364 |
| Total assets | $ 14,506,907 | $ 3,119,996 | $ 22,737,069 | $ (17,197,372) | $ 23,166,600 |
| **Liabilities and equity** | | | | | |
| Liabilities: | | | | | |
| Senior notes payable and other debt | $ — | $ 8,406,979 | $ 2,720,347 | $ — | $ 11,127,326 |
| Intercompany loans | 7,088,838 | (6,209,707) | (879,131) | — | — |
| Accrued interest | (1,753) | 67,156 | 18,359 | — | 83,762 |
| Accounts payable and other liabilities | 89,115 | 35,587 | 783,226 | — | 907,928 |
| Liabilities related to assets held for sale | — | (1) | 1,463 | — | 1,462 |
| Deferred income taxes | 316,641 | — | — | — | 316,641 |
| Total liabilities | 7,492,841 | 2,300,014 | 2,644,264 | — | 12,437,119 |
| Redeemable OP unitholder and noncontrolling interests | — | — | 200,728 | — | 200,728 |
| Total equity | 7,014,066 | 819,982 | 19,892,077 | (17,197,372) | 10,528,753 |
| Total liabilities and equity | $ 14,506,907 | $ 3,119,996 | $ 22,737,069 | $ (17,197,372) | $ 23,166,600 |

## CONDENSED CONSOLIDATING STATEMENT OF INCOME

| | For the Three Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Revenues** | | | | | |
| Rental income | $ 596 | $ 48,451 | $ 350,451 | $ — | $ 399,498 |
| Resident fees and services | — | — | 460,243 | — | 460,243 |
| Office building and other services revenue | — | — | 3,179 | — | 3,179 |
| Income from loans and investments | 319 | — | 32,049 | — | 32,368 |
| Equity earnings in affiliates | 128,196 | — | (405) | (127,791) | — |
| Interest and other income | 28 | — | 174 | — | 202 |
| Total revenues | 129,139 | 48,451 | 845,691 | (127,791) | 895,490 |
| **Expenses** | | | | | |
| Interest | (27,694) | 81,516 | 59,750 | — | 113,572 |
| Depreciation and amortization | 1,419 | 2,239 | 220,450 | — | 224,108 |
| Property-level operating expenses | — | 83 | 365,747 | — | 365,830 |
| Office building services costs | — | — | 552 | — | 552 |
| General, administrative and professional fees | 189 | 4,630 | 28,463 | — | 33,282 |
| Loss (gain) on extinguishment of debt, net | — | 418 | (382) | — | 36 |
| Merger-related expenses and deal costs | 5,783 | — | 260 | — | 6,043 |
| Other | 466 | — | 1,382 | — | 1,848 |
| Total expenses | (19,837) | 88,886 | 676,222 | — | 745,271 |
| Income (loss) before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 148,976 | (40,435) | 169,469 | (127,791) | 150,219 |
| Loss from unconsolidated entities | — | (16) | (90) | — | (106) |
| Income tax benefit | 2,159 | — | — | — | 2,159 |
| Income (loss) from continuing operations | 151,135 | (40,451) | 169,379 | (127,791) | 152,272 |
| Discontinued operations | (23) | | | | (23) |
| Gain on real estate dispositions | 719 | | | | 719 |
| Net income (loss) | 151,831 | (40,451) | 169,379 | (127,791) | 152,968 |
| Net income attributable to noncontrolling interests | — | — | 1,137 | — | 1,137 |
| Net income (loss) attributable to common stockholders | $ 151,831 | $ (40,451) | $ 168,242 | $ (127,791) | $ 151,831 |

## CONDENSED CONSOLIDATING STATEMENT OF INCOME

| | For the Three Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Revenues** | | | | | |
| Rental income | $ 583 | $ 49,418 | $ 304,205 | $ — | $ 354,206 |
| Resident fees and services | — | — | 464,437 | — | 464,437 |
| Office building and other services revenue | 602 | — | 4,902 | — | 5,504 |
| Income from loans and investments | — | — | 24,146 | — | 24,146 |
| Equity earnings in affiliates | 124,028 | — | (288) | (123,740) | — |
| Interest and other income | 41 | — | 70 | — | 111 |
| Total revenues | 125,254 | 49,418 | 797,472 | (123,740) | 848,404 |
| **Expenses** | | | | | |
| Interest | (11,094) | 69,011 | 45,748 | — | 103,665 |
| Depreciation and amortization | 1,203 | 2,867 | 217,891 | — | 221,961 |
| Property-level operating expenses | — | 77 | 351,878 | — | 351,955 |
| Office building services costs | — | — | 1,852 | — | 1,852 |
| General, administrative and professional fees | 2,246 | 4,213 | 25,635 | — | 32,094 |
| Loss (gain) on extinguishment of debt, net | 58 | 2,432 | (22) | — | 2,468 |
| Merger-related expenses and deal costs | 6,743 | — | 481 | — | 7,224 |
| Other | 76 | 4 | 2,223 | — | 2,303 |
| Total expenses | (768) | 78,604 | 645,686 | — | 723,522 |
| Income (loss) before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 126,022 | (29,186) | 151,786 | (123,740) | 124,882 |
| Income from unconsolidated entities | — | 344 | 1,074 | — | 1,418 |
| Income tax benefit | 11,549 | — | — | — | 11,549 |
| Income (loss) from continuing operations | 137,571 | (28,842) | 152,860 | (123,740) | 137,849 |
| Discontinued operations | (148) | — | — | — | (148) |
| Gain on real estate dispositions | 5,739 | — | — | — | 5,739 |
| Net income (loss) | 143,162 | (28,842) | 152,860 | (123,740) | 143,440 |
| Net income attributable to noncontrolling interests | — | — | 278 | — | 278 |
| Net income (loss) attributable to common stockholders | $ 143,162 | $ (28,842) | $ 152,582 | $ (123,740) | $ 143,162 |

## CONDENSED CONSOLIDATING STATEMENT OF INCOME

| | For the Six Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Revenues** | | | | | |
| Rental income | $ 1,181 | $ 96,270 | $ 697,269 | $ — | $ 794,720 |
| Resident fees and services | — | — | 924,431 | — | 924,431 |
| Office building and other services revenue | — | — | 6,585 | — | 6,585 |
| Income from loans and investments | 599 | — | 51,915 | — | 52,514 |
| Equity earnings in affiliates | 265,188 | — | (713) | (264,475) | — |
| Interest and other income | 371 | — | 312 | — | 683 |
| Total revenues | 267,339 | 96,270 | 1,679,799 | (264,475) | 1,778,933 |
| **Expenses** | | | | | |
| Interest | (44,293) | 156,303 | 110,366 | — | 222,376 |
| Depreciation and amortization | 2,826 | 4,608 | 434,457 | — | 441,891 |
| Property-level operating expenses | — | 165 | 734,652 | — | 734,817 |
| Office building services costs | — | — | 1,290 | — | 1,290 |
| General, administrative and professional fees | 319 | 9,330 | 57,594 | — | 67,243 |
| Loss (gain) on extinguishment of debt, net | — | 439 | (94) | — | 345 |
| Merger-related expenses and deal costs | 7,646 | — | 453 | — | 8,099 |
| Other | 119 | — | 2,917 | — | 3,036 |
| Total expenses | (33,383) | 170,845 | 1,341,635 | — | 1,479,097 |
| Income (loss) before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 300,722 | (74,575) | 338,164 | (264,475) | 299,836 |
| Income (loss) from unconsolidated entities | — | 3,305 | (261) | — | 3,044 |
| Income tax benefit | 5,304 | — | — | — | 5,304 |
| Income (loss) from continuing operations | 306,026 | (71,270) | 337,903 | (264,475) | 308,184 |
| Discontinued operations | (76) | — | — | — | (76) |
| Gain on real estate dispositions | 44,008 | — | — | — | 44,008 |
| Net income (loss) | 349,958 | (71,270) | 337,903 | (264,475) | 352,116 |
| Net income attributable to noncontrolling interests | — | — | 2,158 | — | 2,158 |
| Net income (loss) attributable to common stockholders | $ 349,958 | $ (71,270) | $ 335,745 | $ (264,475) | $ 349,958 |

## CONDENSED CONSOLIDATING STATEMENT OF INCOME

| | For the Six Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| **Revenues** | | | | | |
| Rental income | $ 1,499 | $ 98,143 | $ 613,187 | $ — | $ 712,829 |
| Resident fees and services | — | — | 928,413 | — | 928,413 |
| Office building and other services revenue | 1,204 | — | 11,485 | — | 12,689 |
| Income from loans and investments | — | — | 46,532 | — | 46,532 |
| Equity earnings in affiliates | 232,790 | — | (631) | (232,159) | — |
| Interest and other income | 70 | — | 160 | — | 230 |
| Total revenues | 235,563 | 98,143 | 1,599,146 | (232,159) | 1,700,693 |
| **Expenses** | | | | | |
| Interest | (21,889) | 137,590 | 91,237 | — | 206,938 |
| Depreciation and amortization | 6,135 | 12,781 | 439,432 | — | 458,348 |
| Property-level operating expenses | — | 156 | 708,021 | — | 708,177 |
| Office building services costs | — | — | 5,303 | — | 5,303 |
| General, administrative and professional fees | 2,231 | 8,717 | 52,872 | — | 63,820 |
| Loss on extinguishment of debt, net | 58 | 2,432 | 292 | — | 2,782 |
| Merger-related expenses and deal costs | 8,115 | — | 741 | — | 8,856 |
| Other | 27 | 4 | 6,440 | — | 6,471 |
| Total expenses | (5,323) | 161,680 | 1,304,338 | — | 1,460,695 |
| Income (loss) before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 240,886 | (63,537) | 294,808 | (232,159) | 239,998 |
| Income from unconsolidated entities | — | 447 | 773 | — | 1,220 |
| Income tax benefit | 19,970 | — | — | — | 19,970 |
| Income (loss) from continuing operations | 260,856 | (63,090) | 295,581 | (232,159) | 261,188 |
| Discontinued operations | (637) | — | — | — | (637) |
| Gain on real estate dispositions | 31,923 | — | — | — | 31,923 |
| Net income (loss) | 292,142 | (63,090) | 295,581 | (232,159) | 292,474 |
| Net income attributable to noncontrolling interests | — | — | 332 | — | 332 |
| Net income (loss) attributable to common stockholders | $ 292,142 | $ (63,090) | $ 295,249 | $ (232,159) | $ 292,142 |

## CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

| | For the Three Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net income (loss) | $ 151,831 | $ (40,451) | $ 169,379 | $ (127,791) | 152,968 |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation | — | — | 8,286 | — | 8,286 |
| Change in unrealized gain on marketable securities | (62) | — | — | — | (62) |
| Other | — | — | 398 | — | 398 |
| Total other comprehensive (loss) income | (62) | — | 8,684 | — | 8,622 |
| Comprehensive income (loss) | 151,769 | (40,451) | 178,063 | (127,791) | 161,590 |
| Comprehensive income attributable to noncontrolling interests | — | — | 1,137 | — | 1,137 |
| Comprehensive income (loss) attributable to common stockholders | $ 151,769 | $ (40,451) | $ 176,926 | $ (127,791) | $ 160,453 |

| | For the Three Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net income (loss) | $ 143,162 | $ (28,842) | $ 152,860 | $ (123,740) | $ 143,440 |
| Other comprehensive income (loss): | | | | | |
| Foreign currency translation | — | — | (22,715) | — | (22,715) |
| Change in unrealized gain on marketable securities | 69 | — | — | — | 69 |
| Other | — | — | (1,617) | — | (1,617) |
| Total other comprehensive income (loss) | 69 | — | (24,332) | — | (24,263) |
| Comprehensive income (loss) | 143,231 | (28,842) | 128,528 | (123,740) | 119,177 |
| Comprehensive income attributable to noncontrolling interests | — | — | 278 | — | 278 |
| Comprehensive income (loss) attributable to common stockholders | $ 143,231 | $ (28,842) | $ 128,250 | $ (123,740) | $ 118,899 |

## CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

| | For the Six Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net income (loss) | $ 349,958 | $ (71,270) | $ 337,903 | $ (264,475) | $ 352,116 |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation | — | — | 12,368 | — | 12,368 |
| Change in unrealized gain on marketable securities | (185) | — | — | — | (185) |
| Other | — | — | 316 | — | 316 |
| Total other comprehensive (loss) income | (185) | — | 12,684 | — | 12,499 |
| Comprehensive income (loss) | 349,773 | (71,270) | 350,587 | (264,475) | 364,615 |
| Comprehensive income attributable to noncontrolling interests | — | — | 2,158 | — | 2,158 |
| Comprehensive income (loss) attributable to common stockholders | $ 349,773 | $ (71,270) | $ 348,429 | $ (264,475) | $ 362,457 |

| | For the Six Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net income (loss) | $ 292,142 | $ (63,090) | $ 295,581 | $ (232,159) | $ 292,474 |
| Other comprehensive income (loss): | | | | | |
| Foreign currency translation | — | — | (33,383) | — | (33,383) |
| Change in unrealized gain on marketable securities | 250 | — | — | — | 250 |
| Other | — | — | (3,497) | — | (3,497) |
| Total other comprehensive income (loss) | 250 | — | (36,880) | — | (36,630) |
| Comprehensive income (loss) | 292,392 | (63,090) | 258,701 | (232,159) | 255,844 |
| Comprehensive income attributable to noncontrolling interests | — | — | 332 | — | 332 |
| Comprehensive income (loss) attributable to common stockholders | $ 292,392 | $ (63,090) | $ 258,369 | $ (232,159) | $ 255,512 |

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

| | For the Six Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net cash provided by (used in) operating activities | $ 41,514 | $ (61,787) | $ 757,529 | $ — | $ 737,256 |
| Cash flows from investing activities: | | | | | |
| Net investment in real estate property | (210,120) | — | (29,378) | — | (239,498) |
| Investment in loans receivable and other | (2,575) | — | (715,658) | — | (718,233) |
| Proceeds from real estate disposals | 19,570 | — | — | — | 19,570 |
| Proceeds from loans receivable | 21 | — | 25,046 | — | 25,067 |
| Development project expenditures | — | — | (143,269) | — | (143,269) |
| Capital expenditures | — | (15) | (55,937) | — | (55,952) |
| Investment in unconsolidated entities | — | — | (39,048) | — | (39,048) |
| Net cash used in investing activities | (193,104) | (15) | (958,244) | — | (1,151,363) |
| Cash flows from financing activities: | | | | | |
| Net change in borrowings under revolving credit facility | — | 453,000 | (88,544) | — | 364,456 |
| Proceeds from debt | — | 793,904 | 234,605 | — | 1,028,509 |
| Repayment of debt | — | (300,019) | (356,517) | — | (656,536) |
| Purchase of noncontrolling interests | (15,809) | — | — | — | (15,809) |
| Net change in intercompany debt | 795,695 | (892,893) | 97,198 | — | — |
| Payment of deferred financing costs | — | (18,262) | (1,425) | — | (19,687) |
| Issuance of common stock, net | 73,596 | — | — | — | 73,596 |
| Cash distribution (to) from affiliates | (370,551) | 26,072 | 344,479 | — | — |
| Cash distribution to common stockholders | (550,965) | — | — | — | (550,965) |
| Cash distribution to redeemable OP unitholders | — | — | (3,720) | — | (3,720) |
| Contributions from noncontrolling interests | — | — | 2,227 | — | 2,227 |
| Distributions to noncontrolling interests | — | — | (4,156) | — | (4,156) |
| Other | 9,702 | — | — | — | 9,702 |
| Net cash (used in) provided by financing activities | (58,332) | 61,802 | 224,147 | — | 227,617 |
| Net (decrease) increase in cash and cash equivalents | (209,922) | — | 23,432 | — | (186,490) |
| Effect of foreign currency translation on cash and cash equivalents | 16,529 | — | (13,393) | — | 3,136 |
| Cash and cash equivalents at beginning of period | 210,303 | — | 76,404 | — | 286,707 |
| Cash and cash equivalents at end of period | $ 16,910 | $ — | $ 86,443 | $ — | $ 103,353 |

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

| | For the Six Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Ventas, Inc. | Ventas Realty | Ventas Subsidiaries | Consolidated Elimination | Consolidated |
| | | | (In thousands) | | |
| Net cash provided by (used in) operating activities | $ 40,671 | $ (45,313) | $ 665,378 | $ — | $ 660,736 |
| Cash flows from investing activities: | | | | | |
| Net investment in real estate property | (34,453) | — | — | — | (34,453) |
| Investment in loans receivable and other | — | — | (152,450) | — | (152,450) |
| Proceeds from real estate disposals | 20,441 | — | 43,120 | — | 63,561 |
| Proceeds from loans receivable | — | — | 7,644 | — | 7,644 |
| Development project expenditures | — | — | (69,679) | — | (69,679) |
| Capital expenditures | — | (18) | (46,907) | — | (46,925) |
| Investment in unconsolidated entities | — | — | (4,265) | — | (4,265) |
| Net cash used in investing activities | (14,012) | (18) | (222,537) | — | (236,567) |
| Cash flows from financing activities: | | | | | |
| Net change in borrowings under revolving credit facility | — | (114,000) | 138,304 | — | 24,304 |
| Proceeds from debt | — | 400,000 | 16,217 | — | 416,217 |
| Repayment of debt | — | (555,470) | (184,867) | — | (740,337) |
| Purchase of noncontrolling interests | — | — | (1,604) | — | (1,604) |
| Net change in intercompany debt | 128,165 | 308,816 | (436,981) | — | — |
| Payment of deferred financing costs | — | (3,422) | (422) | — | (3,844) |
| Issuance of common stock, net | 377,739 | — | — | — | 377,739 |
| Cash distribution (to) from affiliates | (8,096) | 9,407 | (1,311) | — | — |
| Cash distribution to common stockholders | (493,471) | — | — | — | (493,471) |
| Cash distribution to redeemable OP unitholders | — | — | (4,437) | — | (4,437) |
| Contributions from noncontrolling interest | — | — | 5,680 | — | 5,680 |
| Distributions to noncontrolling interests | — | — | (3,582) | — | (3,582) |
| Other | 3,622 | — | — | — | 3,622 |
| Net cash provided by (used in) financing activities | 7,959 | 45,331 | (473,003) | — | (419,713) |
| Net increase (decrease) in cash and cash equivalents | 34,618 | — | (30,162) | — | 4,456 |
| Effect of foreign currency translation on cash and cash equivalents | (33,353) | — | 33,196 | — | (157) |
| Cash and cash equivalents at beginning of period | 11,733 | — | 41,290 | — | 53,023 |
| Cash and cash equivalents at end of period | $ 12,998 | $ — | $ 44,324 | $ — | $ 57,322 |

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

### Cautionary Statements

***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;
- 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 or state budgets resulting in the reduction or nonpayment of Medicare or Medicaid reimbursement rates;
- The nature and extent of future competition, including new construction in the markets in which our seniors housing communities and office buildings are located;
- The extent and effect 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 tenants, 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, 2016 and for the year ending December 31, 2017 ;
- 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, development of new competing properties, 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 exchange rates for any foreign currency in which we may, from time to time, conduct business;
- Year-over-year changes in the Consumer Price Index or the U.K. Retail Price Index and the effect of those changes on the rent escalators contained in our leases and on 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 our liquidity, financial condition and results of operations or that of our tenants, operators, borrowers and managers and our ability and the ability of our tenants, operators, borrowers and managers to accurately estimate the magnitude of those claims;
- Risks associated with our office building portfolio and operations, including our ability to successfully design, develop and manage office buildings and to retain key personnel;
- The ability of the hospitals on or near whose campuses our medical office buildings ("MOBs") are located and their affiliated health systems to remain competitive and financially viable and to attract physicians and physician groups;
- 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;
- Our ability to obtain the financial results expected from our development and redevelopment projects, including projects undertaken through our joint ventures;
- The impact of market or issuer events on the liquidity or value of our investments in marketable securities;
- Consolidation in the seniors housing and healthcare 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;
- The impact of litigation or any financial, accounting, legal or regulatory issues that may affect us or our tenants, operators, borrowers or managers; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on our earnings.

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

***Atria, Sunrise, Brookdale Senior Living, Ardent and Kindred Information***

Each of Brookdale Senior Living Inc. (together with its subsidiaries, "Brookdale Senior Living") and Kindred Healthcare, Inc. (together with its subsidiaries, "Kindred") 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 Brookdale Senior Living and Kindred contained or referred to in this Quarterly Report on Form 10-Q has been derived from SEC filings made by Brookdale Senior Living or Kindred, as the case may be, or other publicly available information or was provided to us by Brookdale Senior Living or Kindred, 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 assure you of its accuracy. We are providing this data for informational purposes only, and you are encouraged to obtain Brookdale Senior Living's and Kindred's publicly available filings, which can be found on the SEC's website at www.sec.gov.

Atria Senior Living, Inc. ("Atria"), Sunrise Senior Living, LLC (together with its subsidiaries, "Sunrise") and Ardent Health Partners, LLC (together with its subsidiaries "Ardent") are not currently subject to the reporting requirements of the SEC. The information related to Atria, Sunrise and Ardent 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, Sunrise or Ardent, 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 assure you 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, Canada and the United Kingdom. As of June 30, 2017 , we owned approximately 1,300 properties (including properties owned through investments in unconsolidated entities and properties classified as held for sale), consisting of seniors housing communities, MOBs, life science and innovation centers, inpatient rehabilitation and long-term acute care facilities, general acute care hospitals and skilled nursing facilities, and we had eight properties under development, including one property that is owned by an unconsolidated real estate entity. We are an S&P 500 company and headquartered in Chicago, Illinois.

We primarily invest in seniors housing and healthcare properties through acquisitions and lease our properties to unaffiliated tenants or operate them through independent third-party managers. As of June 30, 2017 , we leased a total of 580 properties (excluding MOBs) 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, and we engaged independent operators, such as Atria and Sunrise, to manage 301 seniors housing communities for us pursuant to long-term management agreements.

Our three largest tenants, Brookdale Senior Living, Ardent and Kindred leased from us 141 properties (excluding one property managed by Brookdale Senior Living pursuant to a long-term management agreement), 10 properties and 68 properties (excluding one office building included within our office operations reportable business segment), respectively, as of June 30, 2017 .

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

We aim to enhance shareholder value by delivering consistent, superior total returns through a strategy of: (1) generating reliable and growing cash flows; (2) maintaining a balanced, 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. Factors such as 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 that are beyond our control and fluctuate over time all impact our access to and cost of external capital. For that reason, we generally attempt to match the long-term duration of our investments in real property with long-term financing through the issuance of shares of our common stock or the incurrence of long-term fixed rate debt.

**Operating Highlights and Key Performance Trends**

***2017 Highlights and Other Recent Developments***

*Investments and Dispositions*

- In March 2017, we provided secured debt financing to a subsidiary of Ardent to facilitate Ardent's acquisition of LHP Hospital Group, Inc., which included a $700.0 million term loan and a $60.0 million revolving line of credit feature (of which $27.5 million was outstanding at June 30, 2017 ). The LIBOR-based debt financing has a five -year term with a weighted average interest rate of approximately 9.0% as of June 30, 2017 and is guaranteed by Ardent's parent company.

- During the six months ended June 30, 2017 , we acquired 14 triple-net leased properties (including six assets previously owned by an equity method investee) and one life science, research and medical campus (reported within our office operations reportable business segment) for an aggregate purchase price of $404.4 million .

- During the six months ended June 30, 2017 , we sold 10 triple-net leased properties, two MOBs, and two vacant land parcels for aggregate consideration of $104.6 million and we recognized a gain on the sale of these assets of $44.0 million .

- During the six months ended June 30, 2017 , we received $13.7 million for the partial prepayment of secured and unsecured loans receivable and $6.0 million for the full repayment of one secured loan receivable that was due to mature on July 5, 2017.

*Liquidity, Capital and Dividends*

- We paid the first two quarterly installments of our 2017 dividend of $0.775 per share.

- In March 2017, we issued and sold $400.0 million aggregate principal amount of 3.100% senior notes due 2023 at a public offering price equal to 99.280% of par, for total proceeds of $397.1 million before the underwriting discount and expenses, and $400.0 million aggregate principal amount of 3.850% senior notes due 2027 at a public offering price equal to 99.196% of par, for total proceeds of $396.8 million before the underwriting discount and expenses.

- In April 2017, we entered into a new unsecured credit facility comprised of a $3.0 billion unsecured revolving credit facility, initially priced at LIBOR plus 0.875% , that replaced our previous $2.0 billion unsecured revolving credit facility priced at LIBOR plus 1.0%.

- In April 2017, we repaid in full, at par, $300.0 million aggregate principal amount then outstanding of our 1.250% senior notes due 2017 upon maturity.

- In June 2017, we issued and sold C$275.0 million aggregate principal amount of 2.55% senior notes, Series D due 2023 on a private placement basis at a price equal to 99.954% of par, for total proceeds of C$274.9 million before agent fees and expenses. We used part of the proceeds to repay C$124.4 million on our unsecured term loan due 2019.

***Concentration Risk***

We use concentration ratios to identify, understand and evaluate the potential impact of economic downturns and other adverse events that may affect our asset types, geographic locations, business models, and tenants, operators and managers. We evaluate 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 June 30, 2017 | As of December 31, 2016 |
|---|---|---|
| Investment mix by asset type [1] : | | |
| Seniors housing communities | 60.4% | 61.8% |
| MOBs | 20.0 | 20.7 |
| Life science and innovation centers | 6.6 | 6.1 |
| General acute care hospitals | 5.4 | 5.6 |
| Inpatient rehabilitation and long-term acute care facilities | 1.7 | 1.7 |
| Skilled nursing facilities | 0.8 | 1.4 |
| Secured loans receivable and investments, net | 5.1 | 2.7 |
| Investment mix by tenant, operator and manager [1] : | | |
| Atria | 21.9% | 22.6% |
| Sunrise | 10.9 | 11.3 |
| Brookdale Senior Living | 7.7 | 8.1 |
| Ardent | 4.9 | 5.1 |
| Kindred | 1.1 | 1.8 |
| All other | 53.5 | 51.1 |

(1) Ratios are based on the gross book value of real estate investments (excluding properties classified as held for sale and properties owned through investments in unconsolidated entities) as of each reporting date.

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Operations mix by tenant and operator and business model: | | | | |
| Revenues [1]: | | | | |
| Senior living operations | 51.6% | 54.7% | 52.1% | 54.6% |
| Kindred | 5.1 | 5.4 | 5.0 | 5.4 |
| Brookdale Senior Living [2] | 4.7 | 4.9 | 4.7 | 4.8 |
| Ardent | 3.1 | 3.1 | 3.1 | 3.1 |
| All others | 35.5 | 31.9 | 35.1 | 32.1 |
| Adjusted EBITDA [3]: | | | | |
| Senior living operations | 29.6% | 32.6% | 30.1% | 32.1% |
| Kindred | 8.3 | 9.0 | 8.4 | 9.0 |
| Brookdale Senior Living [2] | 7.6 | 8.1 | 7.7 | 8.1 |
| Ardent | 5.0 | 5.2 | 5.0 | 5.2 |
| All others | 49.5 | 45.1 | 48.8 | 45.6 |
| NOI [4]: | | | | |
| Senior living operations | 28.7% | 31.6% | 29.1% | 31.1% |
| Kindred | 8.6 | 9.3 | 8.6 | 9.2 |
| Brookdale Senior Living [2] | 7.9 | 8.3 | 8.0 | 8.3 |
| Ardent | 5.2 | 5.4 | 5.3 | 5.4 |
| All others | 49.6 | 45.4 | 49.0 | 46.0 |
| Operations mix by geographic location [5]: | | | | |
| California | 15.3% | 15.5% | 15.4% | 15.4% |
| New York | 8.6 | 8.9 | 8.7 | 8.9 |
| Texas | 5.8 | 6.4 | 5.8 | 6.4 |
| Illinois | 4.8 | 4.9 | 4.9 | 4.8 |
| Florida | 4.4 | 4.5 | 4.4 | 4.5 |
| All others | 61.1 | 59.8 | 60.8 | 60.0 |

(1) Total revenues include office building and other services revenue, revenue from loans and investments and interest and other income (excluding amounts in discontinued operations and including amounts related to assets classified as held for sale).

(2) Excludes one seniors housing community included in senior living operations.

(3) "Adjusted EBITDA" is defined as consolidated earnings, which includes amounts in discontinued operations, before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding gains or losses on extinguishment of debt, our consolidated joint venture partners' share of EBITDA, merger-related expenses and deal costs, expenses related to the re-audit and re-review in 2014 of our historical financial statements, net gains or losses on real estate activity, gains or losses on re-measurement of equity interest upon acquisition, changes in the fair value of financial instruments and unrealized foreign currency gains or losses, and including our share of EBITDA from unconsolidated entities and adjustments for other immaterial or identified items.

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

(5) Ratios are based on total revenues (excluding amounts in discontinued operations) for each period presented.

See "Non-GAAP Financial Measures" included elsewhere in this Quarterly Report on Form 10-Q for additional disclosures regarding Adjusted EBITDA and NOI and reconciliations to our income from continuing operations, as computed in accordance with GAAP.

***Triple-Net Lease Expirations***

If our tenants are not able or willing to renew our triple-net leases upon expiration, we may be unable to reposition the applicable properties on a timely basis or on the same or better economic terms, if at all. Although our lease expirations are staggered, the non-renewal of some or all of our triple-net leases that expire in any given year 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"). During the six months ended June 30, 2017 , we had no triple-net lease renewals or expirations without renewal that, in the aggregate, had a material impact 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, 2016 , filed with the SEC on February 14, 2017, 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 Item 1 of this Quarterly Report on Form 10-Q.

***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; and (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. We consolidate our investment in a VIE when we determine that we are its primary beneficiary. We may change our original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affects the characteristics or adequacy of the entity's equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary.

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

As it relates to investments in joint ventures, GAAP may preclude consolidation by the sole general partner in certain circumstances based on the type of rights held by the limited partner(s). We assess limited partners' rights and their impact on our consolidation conclusions, and we reassess if there is a change to the terms or in the exercisability of the rights of the limited partners, the sole general partner increases or decreases its ownership of limited partnership 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.

***Accounting for Real Estate Acquisitions***

On January 1, 2017, we adopted Accounting Standards Update ("ASU") 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01") which narrows the FASB's definition of a business and provides a framework that gives entities a

basis for making reasonable judgments about whether a transaction involves an asset or a business. ASU 2017-01 states that when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the acquired asset is not a business. If this initial test is not met, an acquired asset cannot be considered a business unless it includes an input and a substantive process that together significantly contribute to the ability to create output. The primary differences between business combinations and asset acquisitions include recognition of goodwill at the acquisition date and expense recognition for transaction costs as incurred. We are applying ASU 2017-01 prospectively for acquisitions after January 1, 2017.

Regardless of whether an acquisition is considered a business combination or an asset acquisition, we record the cost of the businesses or assets acquired as tangible and intangible assets and liabilities based upon their estimated fair values as of the acquisition date. Intangibles primarily include the value of in-place leases and acquired lease contracts.

We estimate the fair value of buildings acquired on an as-if-vacant basis, or replacement cost basis and depreciate the building value over the estimated remaining life of the building, generally not to exceed 35 years. We determine the fair value of other fixed assets, such as site improvements and furniture, fixtures and equipment, based upon the replacement cost and depreciate such value over the assets' estimated remaining useful lives as determined at the applicable acquisition date. We determine the value of land either by considering the sales prices of similar properties in recent transactions or based on internal analyses of recently acquired and existing comparable properties within our portfolio. We generally determine the value of construction in progress based upon the replacement cost. However, for certain acquired properties that are part of a ground-up development, we determine fair value by using the same valuation approach as for all other properties and deducting the estimated cost to complete the development. During the remaining construction period, we capitalize project costs until the development has reached substantial completion. Construction in progress, including capitalized interest, is not depreciated until the development has reached substantial completion.

The fair value of acquired lease-related intangibles, if any, reflects: (i) the estimated value of any above and/or below market leases, determined by discounting the difference between the estimated market rent and in-place lease rent; and (ii) the estimated value of in-place leases related to the cost to obtain tenants, including leasing commissions, and an estimated value of the absorption period to reflect the value of the rent and recovery costs foregone during a reasonable lease-up period as if the acquired space was vacant. We amortize any acquired lease-related intangibles to revenue or amortization expense over the remaining life of the associated lease plus any assumed bargain renewal periods. If a lease is terminated prior to its stated expiration or not renewed upon expiration, we recognize all unamortized amounts of lease-related intangibles associated with that lease in operations at that time.

We estimate the fair value of purchase option intangible assets and liabilities, if any, by discounting the difference between the applicable property's acquisition date fair value and an estimate of its future option price. We do not amortize the resulting intangible asset or liability over the term of the lease, but rather adjust the recognized value of the asset or liability upon sale.

We estimate the fair value of tenant or other customer relationships acquired, if any, by considering the nature and extent of existing relationships with the tenant or customer, growth prospects for developing new business with the tenant or customer, the tenant's credit quality, expectations of lease renewals with the tenant, and the potential for significant, additional future leasing arrangements with the tenant, and we amortize that value over the expected life of the associated arrangements or leases, including the remaining terms of the related leases and any expected renewal periods. We estimate the fair value of trade names and trademarks using a royalty rate methodology and amortize that value over the estimated useful life of the trade name or trademark.

In connection with an acquisition, we may assume rights and obligations under certain lease agreements pursuant to which we become the lessee of a given property. We generally assume the lease classification previously determined by the prior lessee absent a modification in the assumed lease agreement. We assess assumed operating leases, including ground leases, to determine whether the lease terms are favorable or unfavorable to us given current market conditions on the acquisition date. To the extent the lease terms are favorable or unfavorable to us relative to market conditions on the acquisition date, we recognize an intangible asset or liability at fair value and amortize that asset or liability to interest or rental expense in our Consolidated Statements of Income over the applicable lease term. We include all lease-related intangible assets and liabilities within acquired lease intangibles and accounts payable and other liabilities, respectively, on our Consolidated Balance Sheets.

We determine the fair value of loans receivable acquired by discounting the estimated future cash flows using current interest rates at which similar loans with the same terms and length to maturity would be made to borrowers with similar credit ratings. We do not establish a valuation allowance at the acquisition date because the estimated future cash flows already

reflect our judgment regarding their uncertainty. We recognize the difference between the acquisition date fair value and the total expected cash flows as interest income using an effective interest method over the life of the applicable loan. Subsequent to the acquisition date, we evaluate changes regarding the uncertainty of future cash flows and the need for a valuation allowance, as appropriate.

We estimate the fair value of noncontrolling interests assumed consistent with the manner in which we value all of the underlying assets and liabilities.

We calculate the fair value of long-term assumed debt by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings, which we approximate based on the rate at which we would expect to incur a replacement instrument on the date of acquisition, and recognize any fair value adjustments related to long-term debt as effective yield adjustments over the remaining term of the instrument.

***Impairment of Long-Lived and Intangible Assets***

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

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

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

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

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

***Revenue Recognition***

*Triple-Net Leased Properties and Office Operations*

Certain of our triple-net leases and most of our MOB and life science and innovation center (collectively, "office operations") 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 collectibility 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.

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

*Other*

We recognize interest income from loans and investments, 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 or less than 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. 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 provide a reserve against the 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 in the period we make such change in our assumptions or estimates.

***Recently Issued or Adopted Accounting Standards***

On January 1, 2017, we adopted ASU 2016-09, *Compensation - Stock Compensation* ("ASU 2016-09") which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Adoption of ASU 2016-09 did not have a significant impact on our Consolidated Financial Statements.

In 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers* ("ASU 2014-09", as codified in "ASC 606"), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASC 606 states that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." While ASC 606 specifically references contracts with customers, it may also apply to certain other transactions such as the sale of real estate. ASC 606 is effective for us beginning January 1, 2018 and we plan to adopt ASC 606 using the modified retrospective method.

We have evaluated all of our revenue streams to identify any differences in the timing, measurement or presentation of revenue recognition. Based on a review of our various revenue streams, we believe the following items in our Consolidated Statements of Income are subject to ASC 606: office building and other services revenue, certain elements of our resident fees and services, common area maintenance in our office operations and gains on the sale of real estate. Our office building and other services revenues are primarily generated by management contracts where we provide management, leasing, marketing, facility development and advisory services. Resident fees and services include revenues generated through services we provide

to residents of our seniors housing communities that are ancillary to the residents' contractual rights to occupy living and common-area space at the communities, such as care, meals, transportation and activities. While these revenue streams are subject to the application of ASC 606, we believe that the recognition of income will be consistent with the current accounting model because currently the revenues associated with these services are generally recognized on a monthly basis, the period in which the related services are performed. We will not apply the principles of ASC 606 to our common area maintenance revenues until January 1, 2019, when we adopt ASU 2016-02, *Leases* ("ASU 2016-02").

As it relates to gains on sale of real estate, we expect to recognize any gains when we transfer control of a property and will no longer apply existing sales criteria in ASC 360 *Property, Plant, and Equipment* . We are evaluating the impact of ASC 606 to $31.2 million of deferred gains relating to sales of real estate assets in 2015. Other than the potential cumulative effect adjustment relating to such deferred gains, we do not expect the adoption of ASC 606 to have a significant impact on our Consolidated Financial Statements. Our remaining implementation items include calculating the cumulative effect adjustment, if any, to be recorded upon adoption of ASC 606, drafting revised disclosures in accordance with the new standard and implementing changes to internal control policies and procedures, if any.

In February 2016, the FASB issued ASU 2016-02, which introduces a lessee model that brings most leases on the balance sheet and, among other changes, eliminates the requirement in current GAAP for an entity to use bright-line tests in determining lease classification. The amendments in ASU 2016-02 do not significantly change the current lessor accounting model. ASU 2016-02 is not effective for us until January 1, 2019, with early adoption permitted. We are continuing to evaluate this guidance and the impact to us, as both lessor and lessee, on our Consolidated Financial Statements.

In 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) ("ASU 2016-15"), which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows and ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"), which requires an entity to show the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-15 and ASU 2016-18 are effective for us beginning January 1, 2018 and will be applied by using a retrospective transition method. Adoption of these standards is not expected to have a significant impact on our Consolidated Financial Statements.

In 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16"), which requires a company to recognize the tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for us beginning January 1, 2018 with early adoption permitted. ASU 2016-16 will be applied by us using a modified retrospective method. Adoption of this standard is not expected to have a significant impact on our Consolidated Financial Statements.

**Results of Operations**

As of June 30, 2017 , we operated through three reportable business segments: triple-net leased properties, senior living operations and office operations. In our triple-net leased properties segment, we invest in and own seniors housing and healthcare properties throughout the United States and the United Kingdom 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. In 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. In our office operations segment, we primarily acquire, own, develop, lease and manage MOBs and life science and innovation centers throughout the United States. Information provided for "all other" includes income from loans and investments and other miscellaneous income and various corporate-level expenses not directly attributable to any of our three reportable business segments. Assets included in "all other" consist primarily of corporate assets, including cash, restricted cash, loans receivable and investments, and miscellaneous accounts receivable. We evaluate performance of the combined properties in each reportable business segment based on segment NOI and related measures. For further information regarding our reportable business segments and a discussion of our definition of segment NOI, see " NOTE 16—SEGMENT INFORMATION " of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

***Three Months Ended June 30, 2017 and 2016***

The table below shows our results of operations for the three months ended June 30, 2017 and 2016 and the effect of changes in those results from period to period on our net income attributable to common stockholders.

| | For the Three Months Ended June 30, | | Increase (Decrease) to Net Income | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| Segment NOI: | | | | |
| Triple-net leased properties | $ 214,383 | $ 211,350 | $ 3,033 | 1.4 % |
| Senior living operations | 151,618 | 156,448 | (4,830) | (3.1) |
| Office operations | 130,331 | 101,638 | 28,693 | 28.2 |
| All other | 32,574 | 25,050 | 7,524 | 30.0 |
| Total segment NOI | 528,906 | 494,486 | 34,420 | 7.0 |
| Interest and other income | 202 | 111 | 91 | 82.0 |
| Interest expense | (113,572) | (103,665) | (9,907) | (9.6) |
| Depreciation and amortization | (224,108) | (221,961) | (2,147) | (1.0) |
| General, administrative and professional fees | (33,282) | (32,094) | (1,188) | (3.7) |
| Loss on extinguishment of debt, net | (36) | (2,468) | 2,432 | 98.5 |
| Merger-related expenses and deal costs | (6,043) | (7,224) | 1,181 | 16.3 |
| Other | (1,848) | (2,303) | 455 | 19.8 |
| Income before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 150,219 | 124,882 | 25,337 | 20.3 |
| (Loss) income from unconsolidated entities | (106) | 1,418 | (1,524) | nm |
| Income tax benefit | 2,159 | 11,549 | (9,390) | (81.3) |
| Income from continuing operations | 152,272 | 137,849 | 14,423 | 10.5 |
| Discontinued operations | (23) | (148) | 125 | 84.5 |
| Gain on real estate dispositions | 719 | 5,739 | (5,020) | (87.5) |
| Net income | 152,968 | 143,440 | 9,528 | 6.6 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | (859) | nm |
| Net income attributable to common stockholders | $ 151,831 | $ 143,162 | 8,669 | 6.1 |

nm - not meaningful

*Segment NOI—Triple-Net Leased Properties*

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

The following table summarizes results of operations in our triple-net leased properties reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Triple-Net Leased Properties:** | | | | |
| Rental income | $ 213,258 | $ 210,119 | $ 3,139 | 1.5 % |
| Other services revenue | 1,125 | 1,231 | (106) | (8.6) |
| Segment NOI | $ 214,383 | $ 211,350 | 3,033 | 1.4 |

Triple-net leased properties segment NOI increased during the three months ended June 30, 2017 over the prior year primarily due to asset acquisitions, contractual escalations in rent pursuant to the terms of our leases and increases in base and other rent between comparison periods, partially offset by asset dispositions and foreign currency movements.

In our triple-net leased properties segment, our revenues generally consist of fixed rental amounts (subject to annual contractual escalations) received from our tenants in accordance with the applicable lease terms. However, occupancy rates may affect the profitability of our tenants' operations. The following table sets forth average continuing occupancy rates related to the triple-net leased properties we owned at June 30, 2017 for the first quarter of 2017 (which is the most recent information available to us from our tenants) and average continuing occupancy rates related to the triple-net leased properties we owned at June 30, 2016 for the first quarter of 2016 .

| | Number of Properties Owned at June 30, 2017 | Average Occupancy for the Three Months Ended March 31, 2017 | Number of Properties Owned at June 30, 2016 | Average Occupancy for the Three Months Ended March 31, 2016 |
|---|---|---|---|---|
| Seniors housing communities [1] | 434 | 86.6% | 425 | 88.3% |
| Skilled nursing facilities [1] | 17 | 87.4 | 17 | 88.1 |
| Inpatient rehabilitation and long-term acute care facilities [1] | 38 | 61.5 | 38 | 61.6 |

[1] Excludes properties included in discontinued operations and properties sold or classified as held for sale, non-stabilized properties, properties owned through investments in unconsolidated entities and certain properties for which we do not receive occupancy information. Also excludes properties acquired during the three months ended June 30, 2017 and 2016 , respectively, and properties that transitioned operators for which we do not have five full quarters of results subsequent to the transition.

The following table compares results of operations for our 501 same-store triple-net leased properties, unadjusted for foreign currency movements between comparison periods. With regard to our triple-net leased properties segment, "same-store" refers to properties owned, consolidated, operational and reported under a consistent business model for the full period in both comparison periods, excluding assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Triple-Net Leased Properties:** | | | | |
| Rental income | $ 193,764 | $ 191,450 | $ 2,314 | 1.2% |
| Segment NOI | $ 193,764 | $ 191,450 | 2,314 | 1.2 |

*Segment NOI—Senior Living Operations*

The following table summarizes results of operations in our senior living operations reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Senior Living Operations:** | | | | |
| Resident fees and services | $ 460,243 | $ 464,437 | $ (4,194) | (0.9)% |
| Less: | | | | |
| Property-level operating expenses | (308,625) | (307,989) | (636) | (0.2) |
| Segment NOI | $ 151,618 | $ 156,448 | (4,830) | (3.1) |

| | Number of Properties at June 30, | | Average Unit Occupancy For the Three Months Ended June 30, | | Average Monthly Revenue Per Occupied Room For the Three Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total communities | 298 | 304 | 87.9% | 90.1% | $ 5,702 | $ 5,460 |

Resident fees and services 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.

Property-level operating expenses related to our senior living operations segment include labor, food, utilities, marketing, management and other costs of operating the properties.

The following table compares results of operations for our 293 same-store senior living operating communities, unadjusted for foreign currency movements between periods. With regard to our senior living operations segment, "same-store" refers to properties owned, consolidated, operational and reported under a consistent business model for the full period in both comparison periods, excluding properties that transitioned operators since the start of the prior comparison period, assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Senior Living Operations:** | | | | |
| Resident fees and services | $ 451,851 | $ 447,744 | $ 4,107 | 0.9 % |
| Less: | | | | |
| Property-level operating expenses | (303,935) | (296,177) | (7,758) | (2.6) |
| Segment NOI | $ 147,916 | $ 151,567 | (3,651) | (2.4) |

| | Number of Properties at June 30, | | Average Unit Occupancy For the Three Months Ended June 30, | | Average Monthly Revenue Per Occupied Room For the Three Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Same-store communities | 293 | 293 | 87.9% | 90.2% | 5,710 | 5,513 |

*Segment NOI—Office Operations*

The following table summarizes results of operations in our office operations reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Office Operations:** | | | | |
| Rental income | $ 186,240 | $ 144,087 | $ 42,153 | 29.3 % |
| Office building services revenue | 1,848 | 3,369 | (1,521) | (45.1) |
| Total revenues | 188,088 | 147,456 | 40,632 | 27.6 |
| Less: | | | | |
| Property-level operating expenses | (57,205) | (43,966) | (13,239) | (30.1) |
| Office building services costs | (552) | (1,852) | 1,300 | 70.2 |
| Segment NOI | $ 130,331 | $ 101,638 | 28,693 | 28.2 |

| | Number of Properties at June 30, | | Occupancy at June 30, | | Annualized Average Rent Per Occupied Square Foot for the Three Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total office buildings | 388 | 370 | 92.0% | 90.7% | $ 32 | $ 30 |

The increase in our office operations segment rental income in the second quarter of 2017 over the same period in 2016 is attributed primarily to the September 2016 acquisition of life science and innovation centers and in place lease escalations, partially offset by asset dispositions. The increase in our office building property-level operating expenses in the second quarter of 2017 over the same period in 2016 is attributed primarily to the above acquisitions and increases in real estate taxes and other operating expenses, partially offset by asset dispositions.

Office building services revenue, net of applicable costs, decreased year over year primarily due to decreased construction activity during the second quarter of 2017 over the same period in 2016 .

The following table compares results of operations for our 354 same-store office buildings. With regard to our office operations segment, “same-store” refers to properties owned, consolidated, operational and reported under a consistent business model for the full period in both comparison periods, excluding assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Three Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Office Operations:** | | | | |
| Rental income | $ 140,844 | $ 139,628 | $ 1,216 | 0.9 % |
| Less: | | | | |
| Property-level operating expenses | (42,317) | (41,691) | (626) | (1.5) |
| Segment NOI | $ 98,527 | $ 97,937 | 590 | 0.6 |

| | Number of Properties at June 30, | | Occupancy at June 30, | | Annualized Average Rent Per Occupied Square Foot for the Three Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Same-store office buildings | 354 | 354 | 91.4% | 91.7% | $ 30 | $ 30 |

*All Other*

The $7.5 million increase in all other for the three months ended June 30, 2017 over the same period in 2016 is primarily due to interest income from new loans issued during the 2017, partially offset by decreased interest income attributable to loan repayments received during 2016.

*Interest Expense*

The $9.9 million increase in total interest expense for the three months ended June 30, 2017 compared to 2016 , is attributed primarily to an increase of $6.9 million due to higher debt balances and an increase of $3.0 million due to a higher effective interest rate, including the amortization of any fair value adjustments. Our effective interest rate was 3.7% and 3.6% for the three months ended June 30, 2017 and 2016 , respectively.

*Depreciation and Amortization*

Depreciation and amortization expense related to continuing operations increased during the three months ended June 30, 2017 compared to the same period in 2016 primarily due to the 2016 life science and innovation centers acquisition, partially offset by a decrease in amortization related to certain lease intangibles that were fully amortized during the third quarter of 2016.

*Loss on Extinguishment of Debt, Net*

Loss on extinguishment of debt, net for the three months ended June 30, 2016 was due primarily to our June 2016 redemption of $455.5 million aggregate principal amount then outstanding of our 1.55% senior notes due 2016 and term loan repayments. No similar activity occurred during the three months ended June 30, 2017 .

*Income (Loss) from Unconsolidated Entities*

The $1.5 million decrease in income from unconsolidated entities for the three months ended June 30, 2017 over the same period in 2016 is primarily due to our share of net losses related to certain unconsolidated entities.

*Income Tax Benefit*

Income tax benefits related to continuing operations for the three months ended June 30, 2017 and 2016 were each due primarily to operating losses at our taxable REIT subsidiaries (“TRS entities”), and the reversal of a deferred tax liability at a TRS entity.

*Gain on Real Estate Dispositions*

The $5.0 million decrease in gain on real estate dispositions for the three months ended June 30, 2017 over the same period in 2016 is due primarily to a $4.5 million gain on the sale of one triple-net leased property in April 2016.

***Six Months Ended June 30, 2017 and 2016***

The table below shows our results of operations for the six months ended June 30, 2017 and 2016 and the effect of changes in those results from period to period on our net income attributable to common stockholders.

| | For the Six Months Ended June 30, | | Increase (Decrease) to Net Income | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| Segment NOI: | | | | |
| Triple-net leased properties | $ 424,915 | $ 427,036 | $ (2,121) | (0.5)% |
| Senior living operations | 303,733 | 307,883 | (4,150) | (1.3) |
| Office operations | 260,505 | 203,618 | 56,887 | 27.9 |
| All other | 52,990 | 48,446 | 4,544 | 9.4 |
| Total segment NOI | 1,042,143 | 986,983 | 55,160 | 5.6 |
| Interest and other income | 683 | 230 | 453 | nm |
| Interest expense | (222,376) | (206,938) | (15,438) | (7.5) |
| Depreciation and amortization | (441,891) | (458,348) | 16,457 | 3.6 |
| General, administrative and professional fees | (67,243) | (63,820) | (3,423) | (5.4) |
| Loss on extinguishment of debt, net | (345) | (2,782) | 2,437 | 87.6 |
| Merger-related expenses and deal costs | (8,099) | (8,856) | 757 | 8.5 |
| Other | (3,036) | (6,471) | 3,435 | 53.1 |
| Income before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interests | 299,836 | 239,998 | 59,838 | 24.9 |
| Income from unconsolidated entities | 3,044 | 1,220 | 1,824 | nm |
| Income tax benefit | 5,304 | 19,970 | (14,666) | (73.4) |
| Income from continuing operations | 308,184 | 261,188 | 46,996 | 18.0 |
| Discontinued operations | (76) | (637) | 561 | 88.1 |
| Gain on real estate dispositions | 44,008 | 31,923 | 12,085 | 37.9 |
| Net income | 352,116 | 292,474 | 59,642 | 20.4 |
| Net income attributable to noncontrolling interests | 2,158 | 332 | (1,826) | nm |
| Net income attributable to common stockholders | $ 349,958 | $ 292,142 | 57,816 | 19.8 |

nm - not meaningful

*Segment NOI—Triple-Net Leased Properties*

The following table summarizes results of operations in our triple-net leased properties reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Triple-Net Leased Properties:** | | | | |
| Rental income | $ 422,585 | $ 424,606 | $ (2,021) | (0.5)% |
| Other services revenue | 2,330 | 2,430 | (100) | (4.1) |
| Segment NOI | $ 424,915 | $ 427,036 | (2,121) | (0.5) |

Triple-net leased properties segment NOI decreased during the six months ended June 30, 2017 over the prior year primarily due to asset dispositions and foreign currency movements between comparison periods, partially offset by asset acquisitions and contractual escalations in rent pursuant to the terms of our leases and increases in base and other rent under certain of our leases.

The following table compares results of operations for our 500 same-store triple-net leased properties, unadjusted for foreign currency movements between comparison periods. With regard to our triple-net leased properties segment, "same-store" refers to properties that we owned for the full period in both comparison periods, excluding assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Triple-Net Leased Properties:** | | | | |
| Rental income | $ 385,637 | $ 385,505 | $ 132 | 0.0% |
| Segment NOI | $ 385,637 | $ 385,505 | 132 | 0.0 |

*Segment NOI—Senior Living Operations*

The following table summarizes results of operations in our senior living operations reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Senior Living Operations:** | | | | |
| Resident fees and services | $ 924,431 | $ 928,413 | $ (3,982) | (0.4)% |
| Less: | | | | |
| Property-level operating expenses | (620,698) | (620,530) | (168) | (0.0) |
| Segment NOI | $ 303,733 | $ 307,883 | (4,150) | (1.3) |

| | Number of Properties at June 30, | | Average Unit Occupancy For the Six Months Ended June 30, | | Average Monthly Revenue Per Occupied Room For the Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total communities | 298 | 304 | 88.2% | 90.2% | $ 5,703 | $ 5,443 |

The following table compares results of operations for our 293 same-store senior living operating communities, unadjusted for foreign currency movements between periods. With regard to our senior living operations segment, "same-store" refers to properties that we owned and were operational for the full period in both comparison periods, excluding properties that transitioned operators since the start of the prior comparison period, assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Senior Living Operations:** | | | | |
| Resident fees and services | $ 907,605 | $ 893,970 | $ 13,635 | 1.5 % |
| Less: | | | | |
| Property-level operating expenses | (610,106) | (597,016) | (13,090) | (2.2) |
| Segment NOI | $ 297,499 | $ 296,954 | 545 | 0.2 |

| | Number of Properties at June 30, | | Average Unit Occupancy For the Six Months Ended June 30, | | Average Monthly Revenue Per Occupied Room For the Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Same-store communities | 293 | 293 | 88.3% | 90.3% | $ 5,711 | $ 5,499 |

*Segment NOI—Office Operations*

The following table summarizes results of operations in our office operations reportable business segment, including assets sold or classified as held for sale as of June 30, 2017 , but excluding assets whose operations were classified as discontinued operations:

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Segment NOI—Office Operations:** | | | | |
| Rental income | $ 372,135 | $ 288,223 | $ 83,912 | 29.1 % |
| Office building services revenue | 3,779 | 8,345 | (4,566) | (54.7) |
| Total revenues | 375,914 | 296,568 | 79,346 | 26.8 |
| Less: | | | | |
| Property-level operating expenses | (114,119) | (87,647) | (26,472) | (30.2) |
| Office building services costs | (1,290) | (5,303) | 4,013 | 75.7 |
| Segment NOI | $ 260,505 | $ 203,618 | 56,887 | 27.9 |

| | Number of Properties at June 30, | | Occupancy at June 30, | | Annualized Average Rent Per Occupied Square Foot for the Six Months Ended June30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Total office buildings | 388 | 370 | 92.0% | 90.7% | $ 32 | $ 30 |

The increase in our office operations segment rental income during the six months ended June 30, 2017 over the prior year is attributed primarily to the September 2016 acquisition of life science and innovation centers and in place lease escalations, partially offset by asset dispositions. The increase in our office building property-level operating expenses during the six months ended June 30, 2017 over the prior year is attributed primarily to the above acquisition and increases in real estate taxes and other operating expenses, partially offset by asset dispositions.

Office building services revenue, net of applicable costs, decreased year over year primarily due to decreased construction activity during the six months ended June 30, 2017 over the prior year.

The following table compares results of operations for our 354 same-store office buildings. With regard to our office operations segment, “same-store” refers to properties that we owned for the full period in both comparison periods, excluding assets sold or classified as held for sale as of June 30, 2017 and assets whose operations were classified as discontinued operations.

| | For the Six Months Ended June 30, | | Increase (Decrease) to Segment NOI | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| **Same-Store Segment NOI—Office Operations:** | | | | |
| Rental income | $ 283,871 | $ 279,673 | $ 4,198 | 1.5 % |
| Less: | | | | |
| Property-level operating expenses | (85,175) | (83,246) | (1,929) | (2.3) |
| Segment NOI | $ 198,696 | $ 196,427 | 2,269 | 1.2 |

| | Number of Properties at June 30, | | Occupancy June 30, | | Annualized Average Rent Per Occupied Square Foot for the Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Same-store Office Buildings | 354 | 354 | 91.4% | 91.7% | $ 31 | $ 30 |

*All Other*

The $4.5 million increase in all other for the six months ended June 30, 2017 over the same period in 2016 is primarily due to interest income from new loans issued during the 2017, partially offset by decreased interest income attributable to loan repayments received during 2016.

*Interest Expense*

The $15.4 million increase in total interest expense for the six months ended June 30, 2017 and 2016 , respectively, is attributed primarily to an increase of $9.4 million in interest expense due to higher debt balances and an increase of $6.0 million due to a higher effective interest rate, including the amortization of any fair value adjustments. Our effective interest rate was approximately 3.7% and 3.6% for the six months ended June 30, 2017 and 2016 , respectively.

*Depreciation and Amortization*

Depreciation and amortization expense related to continuing operations decreased during the six months ended June 30, 2017 compared to the same period in 2016 primarily due to a decrease in amortization related to certain lease intangibles that were fully amortized during the third quarter of 2016 partially offset by the 2016 life science and innovation centers acquisition.

*Loss on Extinguishment of Debt, Net*

Loss on extinguishment of debt, net for the six months ended June 30, 2017 was due primarily to our 2016 redemption and repayment of the $455.5 million aggregate principal amount then outstanding of our 1.55% senior notes due 2016 and term loan repayments. Loss on extinguishment of debt, net for the six months ended June 30, 2016 was due to various debt repayments.

*Other*

The $3.4 million decrease in other for the six months ended June 30, 2017 over the same period in 2016 is primarily due to the expiration of six operating leases during 2016 .

*Income from Unconsolidated Entities*

The $1.8 million increase in income from unconsolidated entities for the six months ended June 30, 2017 over the same period in 2016 is primarily due to the fair value re-measurement of our previously held equity interest, resulting in a gain on re-measurement of $3.0 million, partially offset by our share of net losses related to certain unconsolidated entities. Refer to " NOTE 7—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 for additional information.

*Income Tax Benefit*

Income tax benefit related to continuing operations for the six months ended June 30, 2017 and 2016 were each due primarily to operating losses at our taxable REIT subsidiaries ("TRS entities"), and the reversal of a deferred tax liability at a TRS entity.

*Gain on Real Estate Dispositions*

The $12.1 million increase in gain on real estate dispositions for the six months ended June 30, 2017 over the same period in 2016 primarily relates to the sale of five triple-net leased properties through June 30, 2017.

*Net Income Attributable to Noncontrolling Interests*

The increase in net income attributable to noncontrolling interests of $1.8 million over the same period in 2016 is primarily due to the September 2016 acquisition of life science and innovation centers and asset dispositions.

**Non-GAAP Financial Measures**

We consider certain non-GAAP financial measures to be useful supplemental measures of our operating performance. A non-GAAP financial measure is a measure of historical or future financial performance, financial position or cash flows that excludes or includes amounts that are not so excluded from or included in the most directly comparable measure calculated and presented in accordance with GAAP. Described below are the non-GAAP financial measures used by management to evaluate our operating performance and that we consider most useful to investors, together with reconciliations of these measures to the most directly comparable GAAP measures.

The non-GAAP financial measures we present in this Quarterly Report on Form 10-Q may not be comparable to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. You should not consider these measures as alternatives to net income or income from continuing operations (both 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. In order to facilitate a clear understanding of our consolidated historical operating results, you should examine these measures in conjunction with net income and income from continuing operations 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. For that reason, we consider Funds From Operations ("FFO") and normalized FFO to be appropriate supplemental measures of operating performance of an equity REIT. In particular, we believe that normalized FFO is useful 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 non-recurring items and other non-operational 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 on our financial results.

We use the National Association of Real Estate Investment Trusts ("NAREIT") definition of FFO. NAREIT defines FFO as net income attributable to common stockholders (computed in accordance with GAAP), excluding gains or losses from sales of real estate property, including gains or losses 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) merger-related costs and expenses, including amortization of intangibles, transition and integration expenses, and deal costs and expenses, including expenses and recoveries relating to acquisition lawsuits; (b) 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; (c) the non-cash effect of income tax benefits or expenses, the non-cash impact of changes to our executive equity compensation plan and derivative transactions that have non-cash mark-to-market impacts on our Consolidated Statements of Income; (d) the financial impact of contingent consideration, severance-related costs and charitable donations made to the Ventas Charitable Foundation; (e) gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of financial instruments; (f) gains and losses on non-real estate dispositions and other unusual items related to unconsolidated entities; and (g) expenses related to the re-audit and re-review in 2014 of our historical financial statements and related matters. We believe that income from continuing operations is the most comparable GAAP measure because it provides insight into our continuing operations.

The following table summarizes our FFO and normalized FFO for the three and six months ended June 30, 2017 and 2016 . The increase in normalized FFO for the six months ended June 30, 2017 over the same period in 2016 is due primarily to improved property performance and accretive investments.

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Income from continuing operations | $ 152,272 | $ 137,849 | $ 308,184 | $ 261,188 |
| Discontinued operations | (23) | (148) | (76) | (637) |
| Gain on real estate dispositions | 719 | 5,739 | 44,008 | 31,923 |
| Net income | 152,968 | 143,440 | 352,116 | 292,474 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Net income attributable to common stockholders | 151,831 | 143,162 | 349,958 | 292,142 |
| Adjustments: | | | | |
| Real estate depreciation and amortization | 222,347 | 220,346 | 438,308 | 455,072 |
| Real estate depreciation related to noncontrolling interests | (1,817) | (1,814) | (3,812) | (3,889) |
| Real estate depreciation related to unconsolidated entities | 1,458 | 1,220 | 2,645 | 3,209 |
| (Gain) loss on real estate dispositions related to unconsolidated entities | (82) | 41 | (59) | (495) |
| Gain on re-measurement of equity interest upon acquisition, net | — | — | (3,027) | — |
| Gain on real estate dispositions | (719) | (5,739) | (44,008) | (31,923) |
| Discontinued operations: | | | | |
| Loss on real estate dispositions | — | 1 | — | 1 |
| FFO attributable to common stockholders | 373,018 | 357,217 | 740,005 | 714,117 |
| Adjustments: | | | | |
| Change in fair value of financial instruments | (153) | (7) | (130) | (86) |
| Non-cash income tax benefit | (2,959) | (12,286) | (7,104) | (21,443) |
| Loss on extinguishment of debt, net | 47 | 2,468 | 450 | 2,782 |
| Gain on non-real estate dispositions related to unconsolidated entities | (16) | (585) | (12) | (585) |
| Merger-related expenses, deal costs and re-audit costs | 7,036 | 8,550 | 10,165 | 11,804 |
| Amortization of other intangibles | 365 | 438 | 803 | 876 |
| Unusual items related to unconsolidated entities | 280 | — | 492 | — |
| Non-cash impact of changes to equity plan | 1,711 | — | 2,710 | — |
| Normalized FFO attributable to common stockholders | $ 379,329 | $ 355,795 | $ 747,379 | $ 707,465 |

***Adjusted EBITDA***

We consider Adjusted EBITDA an important supplemental measure because it provides another manner in which to evaluate our operating performance and serves as another indicator of our credit strength and our ability to service our debt obligations. We define Adjusted EBITDA as consolidated earnings, which includes amounts in discontinued operations, before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding gains or losses on extinguishment of debt, our consolidated joint venture partners' share of EBITDA, merger-related expenses and deal costs, expenses related to the re-audit and re-review in 2014 of our historical financial statements, net gains or losses on real estate activity, gains or losses on re-measurement of equity interest upon acquisition, changes in the fair value of financial instruments and unrealized foreign currency gains or losses, and including our share of EBITDA from unconsolidated entities and adjustments for other immaterial or identified items. The following table sets forth a reconciliation of income from continuing operations to Adjusted EBITDA for the three and six months ended June 30, 2017 and 2016 :

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Income from continuing operations | $ 152,272 | $ 137,849 | $ 308,184 | $ 261,188 |
| Discontinued operations | (23) | (148) | (76) | (637) |
| Gain on real estate dispositions | 719 | 5,739 | 44,008 | 31,923 |
| Net income | 152,968 | 143,440 | 352,116 | 292,474 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Net income attributable to common stockholders | 151,831 | 143,162 | 349,958 | 292,142 |
| Adjustments: | | | | |
| Interest | 113,572 | 103,665 | 222,376 | 206,938 |
| Loss on extinguishment of debt, net | 36 | 2,468 | 345 | 2,782 |
| Taxes (including tax amounts in general, administrative and professional fees) | (1,272) | (10,602) | (3,500) | (19,274) |
| Depreciation and amortization | 224,108 | 221,961 | 441,891 | 458,348 |
| Non-cash stock-based compensation expense | 6,695 | 5,008 | 13,396 | 10,037 |
| Merger-related expenses, deal costs and re-audit costs | 6,543 | 7,033 | 8,909 | 9,252 |
| Net income (loss) attributable to noncontrolling interests, net of consolidated joint venture partners' share of EBITDA | (3,144) | (3,075) | (6,510) | (6,153) |
| (Income) loss from unconsolidated entities, net of Ventas share of EBITDA from unconsolidated entities | 7,685 | 6,070 | 14,137 | 15,352 |
| Gain on real estate dispositions | (719) | (5,738) | (44,008) | (31,922) |
| Unrealized foreign currency gains | (297) | (111) | (1,109) | (572) |
| Change in fair value of financial instruments | (159) | (16) | (148) | (114) |
| Gain on re-measurement of equity interest upon acquisition, net | — | — | (3,027) | — |
| Adjusted EBITDA | $ 504,879 | $ 469,825 | $ 992,710 | $ 936,816 |

***NOI***

We also consider NOI an important supplemental measure because it allows investors, analysts and our management to assess our unlevered property-level operating results and to compare our operating results with those 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 office building services costs . Cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. The following table sets forth a reconciliation of income from continuing operations to NOI for the three and six months ended June 30, 2017 and 2016 :

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands) | | | |
| Income from continuing operations | $ 152,272 | $ 137,849 | $ 308,184 | $ 261,188 |
| Discontinued operations | (23) | (148) | (76) | (637) |
| Gain on real estate dispositions | 719 | 5,739 | 44,008 | 31,923 |
| Net income | 152,968 | 143,440 | 352,116 | 292,474 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Net income attributable to common stockholders | 151,831 | 143,162 | 349,958 | 292,142 |
| Adjustments: | | | | |
| Interest and other income | (202) | (111) | (683) | (230) |
| Interest | 113,572 | 103,665 | 222,376 | 206,938 |
| Depreciation and amortization | 224,108 | 221,961 | 441,891 | 458,348 |
| General, administrative and professional fees | 33,282 | 32,094 | 67,243 | 63,820 |
| Loss on extinguishment of debt, net | 36 | 2,468 | 345 | 2,782 |
| Merger-related expenses and deal costs | 6,066 | 7,371 | 8,175 | 9,492 |
| Other | 1,848 | 2,303 | 3,036 | 6,471 |
| Net income attributable to noncontrolling interests | 1,137 | 278 | 2,158 | 332 |
| Loss (income) from unconsolidated entities | 106 | (1,418) | (3,044) | (1,220) |
| Income tax benefit | (2,159) | (11,549) | (5,304) | (19,970) |
| Gain on real estate dispositions | (719) | (5,738) | (44,008) | (31,922) |
| NOI | $ 528,906 | $ 494,486 | $ 1,042,143 | $ 986,983 |

**Liquidity and Capital Resources**

As of June 30, 2017 , we had a total of $103.4 million of unrestricted cash and cash equivalents, operating cash and cash related to our senior living operations and office 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 June 30, 2017 , we also had escrow deposits and restricted cash of $68.3 million and $2.5 billion of unused borrowing capacity available under our unsecured revolving credit facility.

During the six months ended June 30, 2017 , our principal sources of liquidity were cash flows from operations, proceeds from the issuance of debt securities 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, including $700.0 million of senior notes; (iv) fund capital expenditures; (v) fund acquisitions, investments and commitments, including development and redevelopment activities; and (vi) make distributions to our stockholders and unitholders, as required for us to continue to qualify as a REIT. We expect that these liquidity needs generally will be satisfied by a combination of the following: cash flows from operations, cash on hand, debt assumptions and financings (including secured financings), issuances of debt and equity securities, dispositions of assets (in whole or in part through joint venture arrangements with third parties) and borrowings under our unsecured revolving credit facility. However, an inability to access liquidity through multiple capital sources concurrently could have a Material Adverse Effect on us.

***Unsecured Credit Facility and Unsecured Term Loans***

In April 2017, we entered into a new unsecured credit facility comprised of a $3.0 billion unsecured revolving credit facility, initially priced at LIBOR plus 0.875% , that replaced our previous $2.0 billion unsecured revolving credit facility priced at LIBOR plus 1.0% . The new unsecured credit facility is also comprised of our $200.0 million term loan that is scheduled to mature in 2018 and our $278.6 million term loan that is scheduled to mature in 2019. The 2018 and 2019 term loans remain priced at LIBOR plus 1.05% .

The new revolving credit facility matures in 2021, but may be extended at our option subject to the satisfaction of certain conditions for two additional periods of six months each. The new revolving credit facility also includes an accordion feature that permits us to increase our aggregate borrowing capacity thereunder to up to $3.75 billion .

As of June 30, 2017 , we had $516.5 million of borrowings outstanding, $14.5 million of letters of credit outstanding and $2.5 billion of unused borrowing capacity available under our new revolving credit facility.

As of June 30, 2017 , we also had a $900.0 million term loan due 2020 priced at LIBOR plus 0.975% .

***Senior Notes***

In March 2017, we issued and sold $400.0 million aggregate principal amount of 3.100% senior notes due 2023 at a public offering price equal to 99.280% of par, for total proceeds of $397.1 million before the underwriting discount and expenses, and $400.0 million aggregate principal amount of 3.850% senior notes due 2027 at a public offering price equal to 99.196% of par, for total proceeds of $396.8 million before the underwriting discount and expenses.

In April 2017, we repaid in full, at par, $300.0 million aggregate principal amount then outstanding of our 1.250% senior notes due 2017 upon maturity.

In June 2017, we issued and sold C$275.0 million aggregate principal amount of 2.55% senior notes due 2023 at a price equal to 99.954% of par, for total proceeds of C$274.9 million before the agent fees and expenses. The notes were offered on a private placement basis in Canada. We used part of the proceeds to repay C$124.4 million on our unsecured term loan due 2019.

***Mortgage Loan Obligations***

During the six months ended June 30, 2017, we repaid in full mortgage loans outstanding in the aggregate principal amount of $237.0 million with a weighted average maturity of 1.7 years and recognized a gain on extinguishment of debt of $0.4 million in connection with these repayments.

***Cash Flows***

The following table sets forth our sources and uses of cash flows for the six months ended June 30, 2017 and 2016 :

| | For the Six Months Ended June 30, | | Increase (Decrease) to Cash | |
|---|---|---|---|---|
| | 2017 | 2016 | $ | % |
| | (Dollars in thousands) | | | |
| Cash and cash equivalents at beginning of period | $ 286,707 | $ 53,023 | $ 233,684 | nm |
| Net cash provided by operating activities | 737,256 | 660,736 | 76,520 | 11.6 |
| Net cash used in investing activities | (1,151,363) | (236,567) | (914,796) | nm |
| Net cash provided by (used in) financing activities | 227,617 | (419,713) | 647,330 | nm |
| Effect of foreign currency translation on cash and cash equivalents | 3,136 | (157) | 3,293 | nm |
| Cash and cash equivalents at end of period | $ 103,353 | $ 57,322 | 46,031 | 80.3 |

nm - not meaningful

*Cash Flows from Operating Activities*

Cash flows from operating activities increased $76.5 million during the six months ended June 30, 2017 over the same period in 2016 due primarily to investments made subsequent to June 30, 2016.

*Cash Flows from Investing Activities*

Cash used in investing activities increased $914.8 million during the six months ended June 30, 2017 over the same period in 2016 primarily due to the $700.0 million term loan we provided in March 2017 to facilitate Ardent's acquisition of LHP and 2017 increases in investment in real estate property and development project expenditures.

*Cash Flows from Financing Activities*

Cash flows from financing activities increased $647.3 million during the six months ended June 30, 2017 over the same period in 2016 primarily due to increased senior note issuances and unsecured revolving credit facility borrowings during 2017, partially offset by higher proceeds from the issuance of common stock during 2016 .

***Capital Expenditures***

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

We also expect to fund capital expenditures related to our senior living operations and office operations reportable business segments with the cash flows from the properties or through additional borrowings. To the extent that unanticipated capital expenditure needs arise 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 seniors housing or healthcare properties funded through capital that we and, in certain circumstances, our joint venture partners provide. As of June 30, 2017 , we had eight properties under development pursuant to these agreements, including one property that is owned by an unconsolidated real estate entity. In addition, from time to time, we engage in redevelopment projects with respect to our existing seniors housing communities to maximize the value, increase NOI, maintain a market-competitive position, achieve property stabilization or change the primary use of the property.

**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 and 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 with respect to 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. To manage these risks, 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.

The fair value of our fixed and variable rate debt is based on current interest rates at which we could obtain similar borrowings. For fixed rate debt, interest rate fluctuations generally affect the fair value, but not our earnings or cash flows. Therefore, interest rate risk does not have a significant impact on our fixed rate debt obligations until their maturity or earlier prepayment and refinancing. If interest rates have risen at the time we seek to refinance our fixed rate debt, whether at maturity or otherwise, our future earnings and cash flows could be adversely affected by additional borrowing costs. Conversely, lower interest rates at the time of refinancing may reduce 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 in interest rates as of June 30, 2017 and December 31, 2016 :

| | As of June 30, 2017 | As of December 31, 2016 |
|---|---|---|
| | (In thousands) | |
| Gross book value | $ 9,622,304 | $ 9,481,101 |
| Fair value [1] | 9,828,102 | 9,600,621 |
| Fair value reflecting change in interest rates [1] : | | |
| -100 basis points | 10,368,117 | 10,117,238 |
| +100 basis points | 9,340,419 | 9,133,292 |

[1] The change in fair value of our fixed rate debt from December 31, 2016 to June 30, 2017 was due primarily to senior note issuances in 2017, partially offset by 2017 senior note and fixed rate mortgage debt repayments.

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

| | As of June 30, 2017 | As of December 31, 2016 | As of June 30, 2016 |
|---|---|---|---|
| | | (Dollars in thousands) | |
| **Balance:** | | | |
| Fixed rate: | | | |
| Senior notes and other, unhedged portion | $ 8,190,620 | $ 7,854,264 | $ 7,525,086 |
| Floating to fixed rate swap on term loan | 200,000 | 200,000 | 200,000 |
| Mortgage loans and other [1] | 1,231,684 | 1,426,837 | 1,468,539 |
| Variable rate: | | | |
| Fixed to floating rate swap on senior notes | 400,000 | — | — |
| Unsecured revolving credit facility | 516,455 | 146,538 | 212,382 |
| Unsecured term loans, unhedged portion | 1,178,586 | 1,271,215 | 1,274,849 |
| Mortgage loans and other [1] | 274,888 | 292,060 | 287,415 |
| Total | $ 11,992,233 | $ 11,190,914 | $ 10,968,271 |
| **Percentage of total debt:** | | | |
| Fixed rate: | | | |
| Senior notes and other, unhedged portion | 68.3% | 70.2% | 68.6% |
| Floating to fixed rate swap on term loan | 1.7 | 1.8 | 1.8 |
| Mortgage loans and other [1] | 10.3 | 12.7 | 13.4 |
| Variable rate: | | | |
| Fixed to floating rate swap on senior notes | 3.3 | — | — |
| Unsecured revolving credit facility | 4.3 | 1.3 | 2.0 |
| Unsecured term loans, unhedged portion | 9.8 | 11.4 | 11.6 |
| Mortgage loans and other [1] | 2.3 | 2.6 | 2.6 |
| Total | 100.0% | 100.0% | 100.0% |
| **Weighted average interest rate at end of period:** | | | |
| Fixed rate: | | | |
| Senior notes and other, unhedged portion | 3.7% | 3.6% | 3.6% |
| Floating to fixed rate swap on term loan | 2.2 | 2.2 | 2.1 |
| Mortgage loans and other [1] | 5.4 | 5.6 | 5.6 |
| Variable rate: | | | |
| Fixed to floating rate swap on senior notes | 2.1 | — | — |
| Unsecured revolving credit facility | 2.0 | 1.9 | 1.8 |
| Unsecured term loans, unhedged portion | 2.2 | 1.7 | 1.5 |
| Mortgage loans and other [1] | 2.3 | 2.1 | 1.8 |
| Total | 3.6 | 3.6 | 3.5 |

[1] Excludes mortgage debt of $77.0 million related to real estate assets classified as held for sale as of June 30, 2016 , which was included in liabilities related to assets held for sale on our Consolidated Balance Sheet as of June 30, 2016 .

The variable rate debt in the table above reflects, in part, the effect of $150.6 million notional amount of interest rate swaps with a maturity of March 2018 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 $236.7 million notional amount of interest rate swaps with maturities ranging from October 2018 to June 2027, in each case that effectively convert variable rate debt to fixed rate debt.

In January and February 2017, we entered into a total of $275 million of notional forward starting swaps with an effective date of April 3, 2017 that reduced our exposure to fluctuations in interest rates related to changes in rates between the trade dates of the swaps and the forecasted issuance of long-term debt. The rate on the notional amounts was locked at a weighted average rate of 2.33%. In March 2017, these swaps were terminated in conjunction with the issuance of the 3.850%

senior notes due 2027, which resulted in a $0.8 million gain which will be recognized over the life of the notes using the effective interest method.

In March 2017, we entered into interest rate swaps totaling a notional amount of $400.0 million with a maturity of January 15, 2023, effectively converting fixed rate debt to three month LIBOR-based floating rate debt. As a result, we will receive a fixed rate on the swap of 3.10% and will pay a floating rate equal to three month LIBOR plus a weighted average swap spread of 0.98%.

In June 2017, we entered into a total of $125 million of notional forward starting swaps with an effective date of January 15, 2018 that reduced our exposure to fluctuations in interest rates related to changes in rates between the trade dates of the swaps and the forecasted issuance of long-term debt. The rate on the notional amounts was locked at a weighted average rate of 2.1832%.

The increase in our outstanding variable rate debt at June 30, 2017 compared to December 31, 2016 is primarily attributable to the $400.0 million notional amount interest rate swaps mentioned above and increased borrowings under our unsecured revolving credit facility, partially offset by term loan repayments.

Pursuant to the terms of certain leases with one of our tenants, if interest rates increase on certain variable rate debt that we have totaling $80.0 million as of June 30, 2017 , our tenant is required to pay us additional rent (on a dollar-for-dollar basis) in an amount equal to the increase in interest expense resulting from the increased interest rates. Therefore, the increase in interest expense related to this debt is equally offset by an increase in additional rent due to us from the tenant. Assuming a 100 basis point increase in the weighted average interest rate related to our variable rate debt and assuming no change in our variable rate debt outstanding as of June 30, 2017 , interest expense for 2017 would increase by approximately $19.0 million , or $0.05 per diluted common share.

As of June 30, 2017 and December 31, 2016 , our joint venture partners' aggregate share of total debt was $75.2 million and $80.9 million , respectively, with respect to certain properties we owned through consolidated joint ventures. Total debt does not include our portion of debt related to investments in unconsolidated entities, which was $89.6 million and $122.0 million as of June 30, 2017 and December 31, 2016 , respectively.

As of June 30, 2017 and December 31, 2016 , the fair value of our secured and non-mortgage loans receivable, based on our estimates of currently prevailing rates for comparable loans, was $1.4 billion and $709.6 million , respectively.

As a result of our Canadian and United Kingdom operations, we are subject to fluctuations in certain foreign currency exchange rates that may, from time to time, affect our financial condition and operating performance. Based solely on our results for the six months ended June 30, 2017 (including the impact of existing hedging arrangements), if the value of the U.S. dollar relative to the British pound and Canadian dollar were to increase or decrease by one standard deviation compared to the average exchange rate during the year, our normalized FFO per share for the first three and six months of 2017 would decrease or increase, as applicable, by less than $0.01 per share or 1%. We will continue to mitigate these risks through a layered approach to hedging looking out for the next year and continual assessment of our foreign operational capital structure. Nevertheless, we cannot assure you that any such fluctuations will not have an effect on our earnings.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017 . Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of June 30, 2017 , at the reasonable assurance level.

### Internal Control Over Financial Reporting

During the second quarter of 2017 , 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 12. "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, 2016 .

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

**Issuer Purchases of Equity Securities**

We do not have a publicly announced repurchase plan or program in effect. The table below summarizes other repurchases of our common stock made during the quarter ended June 30, 2017 :

| | Number of Shares Repurchased [1] | Average Price Per Share |
|---|---|---|
| April 1 through April 30 | — | $ — |
| May 1 through May 31 | — | — |
| June 1 through June 30 | — | — |

(1) Repurchases represent shares withheld to pay taxes on the vesting of restricted stock granted to employees under our 2006 Incentive Plan or 2012 Incentive Plan or restricted stock units granted to employees under the Nationwide Health Properties, Inc. (“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

The exhibits required by Item 601 of Regulation S-K which are filed with this report are listed in the Exhibit Index.

**SIGNATURES**

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

Date: July 28, 2017

VENTAS, INC.

By: /s/ DEBRA A. CAFARO

Debra A. Cafaro
Chairman and
Chief Executive Officer

By: /s/ ROBERT F. PROBST

Robert F. Probst
Executive Vice President and
Chief Financial Officer

## EXHIBIT INDEX

| Exhibit Number | Description of Document | Location of Document |
|---|---|---|
| 4.1 | Fourth Supplemental Indenture dated as of June 1, 2017 by and among Ventas Canada Finance Limited, as Issuer, Ventas, Inc., as Guarantor, and Computershare Trust Company of Canada, as Trustee, relating to the 2.55% Senior Notes, Series D due 2023. | 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 Robert F. Probst, 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 Robert F. Probst, 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. |

Execution Version

# FOURTH SUPPLEMENTAL INDENTURE

by and among

Ventas Canada Finance Limited, as Issuer
Ventas, Inc., as Guarantor

and

Computershare Trust Company of Canada,
as Trustee

Cdn$ 275,000,000
2.55 % Senior Notes, Series D due 2023

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Dated as of June 1 , 2017

Supplement to Indenture dated as of September 24 , 2014 (Senior Debt Securities)

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EXHIBIT A Form of Note
EXHIBIT B Form of Notation of Securities Guarantee

THIS FOURTH SUPPLEMENTAL INDENTURE, dated as of June 1 , 2017 (the " Fourth Supplemental Indenture "), is by and among Ventas Canada Finance Limited, a Nova Scotia company, as issuer (the " Issuer "), Ventas, Inc., a Delaware corporation, as Guarantor, and Computershare Trust Company of Canada, as trustee (the " Trustee "), having a Corporate Trust Office at 11th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, as Trustee under the Indenture (defined below).

WHEREAS, Ventas, Inc., the Issuer and the Trustee are parties to that certain indenture dated as of September 24 , 2014 (the " Base Indenture " and, as amended and supplemented by this Fourth Supplemental Indenture and as further amended and supplemented from time to time, the " Indenture "), providing for the issuance by Ventas, Inc. or by the Issuer together from time to time of their respective senior debt securities (the " Securities ");

WHEREAS, Sections 2.02 and 9.01 of the Base Indenture provide, among other things, that, without the consent of the Holders of the Securities, one or more indentures supplemental to the Base Indenture may be entered into to establish the form or terms of Securities of any series or to change or eliminate any of the provisions of the Base Indenture; provided that any such change or elimination shall become effective only when there is no Security outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provisions;

WHEREAS, the Issuer, acting in its capacity as issuer under the Base Indenture, desires to issue a series of its Securities under the Base Indenture, and has duly authorized the creation and issuance of such Securities and the execution and delivery of this Fourth Supplemental Indenture to modify the Base Indenture and to provide certain additional provisions in respect of such Securities as hereinafter described;

WHEREAS, the Issuer desires to issue such Securities with the benefit of a guarantee provided by Ventas, Inc. on the terms set forth in the Base Indenture, as supplemented by this Fourth Supplemental Indenture;

WHEREAS, the Issuer, Ventas, Inc. and the Trustee deem it advisable to enter into this Fourth Supplemental Indenture for the purposes of establishing the terms of such Securities and guarantee and providing for the rights, obligations and duties of the Trustee with respect to such Securities;

WHEREAS, concurrently with the execution hereof, the Issuer has delivered to the Trustee an Officers' Certificate and has caused its counsel to deliver to the Trustee an Opinion of Counsel or a reliance letter upon an Opinion of Counsel satisfying the requirements of Section 2.03 of the Base Indenture;

WHEREAS, all conditions and requirements of the Base Indenture necessary to make this Fourth Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been performed and fulfilled by the parties hereto, and the execution and delivery hereof have been in all respects duly authorized by the parties hereto; and

WHEREAS, the foregoing recitals are made as statements of fact by the Issuer and the Guarantor and not by the Trustee.

NOW, THEREFORE, for and in consideration of the premises and agreements herein contained, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of such Securities, as follows:

ARTICLE I

CREATION OF THE SECURITIES

Section 1.01 Designation of the Series; Securities Guarantee .

(a) The changes, modifications and supplements to the Base Indenture effected by this Fourth Supplemental Indenture shall be applicable only with respect to, and govern the terms of, the Notes (as defined below), which shall not apply to any other Securities that have been or may be issued under the Base Indenture unless a supplemental indenture with respect to such other Securities specifically incorporates such changes, modifications and supplements. Pursuant to the terms hereof and Sections 2.01 and 2.02 of the Base Indenture, the Issuer hereby creates a series of Securities designated as the " 2.55 % Senior Notes, Series D due 2023 " (the " Notes "), which Notes shall be deemed " Securities " for all purposes under the Base Indenture. Except as otherwise provided in the Base Indenture, the Notes shall form their own series for voting purposes, and shall not be part of the same class or series as any other Securities issued by the Issuer or by Ventas, Inc.

(b) Each of the Notes will be guaranteed by the Guarantor in accordance with Article 11 of the Base Indenture and Article IX of this Fourth Supplemental Indenture. For clarity, the Issuer shall not be considered a Guarantor for purposes of the Indenture or the Notes.

Section 1.02 Form of Notes . The Notes will be issued in definitive form and the definitive form of the Notes shall be one or more Global Securities substantially in the form set forth in Exhibit A attached hereto, which is incorporated herein and made a part hereof. The Notes shall bear interest, be payable and have such other terms as are stated in the form of definitive Note or in the Indenture. The stated maturity of the principal of the Notes shall be March 15 , 20 23 .

Section 1.03 No Limit on Amount of Notes . The Trustee shall authenticate and deliver on June 1 , 2017, Notes for original issue in an aggregate principal amount of up to Cdn$ 275,000,000 . Notwithstanding the foregoing, the aggregate principal amount of the Notes shall be unlimited; *provided* , that the terms of all Notes issued under this Fourth Supplemental Indenture (other than the date of issuance) shall be the same. The Issuer may, upon the execution and delivery of this Fourth Supplemental Indenture or from time to time thereafter, execute and deliver the Notes to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon an Authentication Order and delivery of an Officers' Certificate and Opinion of Counsel as contemplated by Section 2.03 of the Base Indenture, without further action by the Issuer.

Section 1.04 Ranking . The Notes will be the Issuer's unsecured and unsubordinated obligations and rank equal in right of payment with all of the Issuer's existing and future unsecured and unsubordinated indebtedness.

Section 1.05 Certificate of Authentication . The Trustee's certificate of authentication to be included on the Notes shall be substantially as provided in the form of Note attached hereto as Exhibit A .

Section 1.06 No Sinking Fund . No sinking fund will be provided with respect to the Notes (notwithstanding any provisions of the Base Indenture with respect to sinking fund obligations).

Section 1.07 No Additional Amounts . No Additional Amounts will be payable with respect to the Notes (notwithstanding any provisions of the Base Indenture with respect to Additional Amount obligations), except those Additional Amounts payable by the Guarantor pursuant to Section 11.01(f) of the Base Indenture as and when such Additional Amounts are payable.

Section 1.08 Definitions .

(a) Capitali zed terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Base Indenture.

(b) Solely for purposes of this Fourth Supplemental Indenture and the Notes, the following definitions in Section 1.01 of the Base Indenture are hereby amended in their entirety to read as follows:

" Business Day " means any day other than a Saturday or Sunday or a day on which banking institutions in the City of Toronto are required or authorized by law to close.

" Debt " means, as of any date (without duplication), (1) all indebtedness and liabilities for borrowed money, secured or unsecured, of Ventas, Inc. and its Subsidiaries, including mortgages and other notes payable (including the Notes to the extent outstanding from time to time), but excluding any indebtedness, including mortgages and other notes payable, which is secured by cash, cash equivalents or marketable securities or defeased (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness) and (2) all Contingent Liabilities of Ventas, Inc. and Subsidiaries, excluding in each of clauses (1) and (2) Intercompany Debt and all liabilities associated with customary exceptions to non-recourse indebtedness, such as for fraud, misapplication of funds, environmental indemnities, voluntary bankruptcy, collusive involuntary bankruptcy and other similar exceptions.

It is understood that Debt shall not include any redeemable equity interest in Ventas, Inc.

" Default " means, with respect to the Indenture and the Notes, any event that is, or with the passage of time or giving of notice would be, an Event of Default.

" GAAP " means generally accepted accounting principles in the United States, consistently applied, as in effect from time to time.

" Incur " means, with respect to any Debt or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of such Debt or other obligation, and "Incurrence" and "Incurred" have the meanings correlative to the foregoing.

" Interest Payment Date " has the meaning set forth in the Indenture and the Notes.

" Lien " means (without duplication) any lien (statutory or otherwise), mortgage, hypothec, trust deed, deed of trust, deed to secure debt, pledge, security interest, assignment for collateral purposes, deposit arrangement, or other security agreement, excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any other like agreement granting or conveying a security interest; *provided* , that for purposes hereof, "Lien" shall not include any mortgage that has been defeased by Ventas, Inc. or any of its Subsidiaries in accordance with the provisions thereof through the deposit of cash, cash equivalents or marketable securities (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness).

" Significant Subsidiary " means each Subsidiary that is a "significant subsidiary", if any, of Ventas, Inc., as such term is defined in Regulation S-X under the Securities Act.

(c) Solely for purposes of this Fourth Supplemental Indenture and the Notes, the following terms shall have the indicated meanings:

" Canada Yield Price " means in respect of any redemption of the Notes, a price calculated to provide a yield to the Par Call Date, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield on the date on which the Issuer gives notice of redemption of such Notes to the Holders pursuant to the Indenture, plus 37 basis points.

" Consolidated EBITDA " means, for any period of time, the net income (loss) of Ventas, Inc. and its Subsidiaries, determined on a consolidated basis in accordance with GAAP for such period, before deductions for (without duplication):

(1) Interest Expense;

(2) taxes;

(3) depreciation, amortization, and all other non-cash items, as determined reasonably and in good faith by Ventas, Inc., deducted in arriving at net income (loss);

(4) extraordinary items;

(5) non-recurring items or other unusual items, as determined reasonably and in good faith by Ventas, Inc. (including, without limitation, all prepayment penalties and all costs or fees incurred in connection with any debt financing or amendment thereto, acquisition, disposition, recapitalization or similar transaction (regardless of whether such transaction is completed));

(6) noncontrolling interests;

(7) income or expense attributable to transactions involving derivative instruments that do not qualify for hedge accounting in accordance with GAAP; and

(8) gains or losses on dispositions of depreciable real estate investments, property valuation losses and impairment charges.

For purposes of calculating Consolidated EBITDA, all amounts shall be as determined reasonably and in good faith by Ventas, Inc., and in accordance with GAAP except to the extent that GAAP is not applicable with respect to the determination of all non-cash and non-recurring items.

" Consolidated Financial Statements " means, with respect to any Person, collectively, the consolidated financial statements and notes to those financial statements, of that Person and its subsidiaries prepared in accordance with GAAP.

" Contingent Liabilities of Ventas, Inc. and Subsidiaries " means, as of any date, those liabilities of Ventas, Inc. and its Subsidiaries consisting of (without duplication) indebtedness for borrowed money, as determined in accordance with GAAP, that are or would be stated and quantified as contingent liabilities in the notes to the Consolidated Financial Statements of Ventas, Inc. as of the date of determination.

" Fourth Supplemental Indenture " has the meaning stated in the preamble.

" Government of Canada Yield " on any date means the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Par Call Date, calculated as of the redemption date, of the Notes, such yield to maturity being the average of the yields provided by two major Canadian investment dealers selected by the Issuer.

" Guarantor " means Ventas, Inc. and its successors and assigns; *provided* , however, that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its Guarantee of the Notes is released in accordance with the terms of the Indenture.

" Intercompany Debt " means, as of any date, Debt to which the only parties are Ventas, Inc. and any of its Subsidiaries as of such date; *provided* , however, that with respect to any such Debt of which the Issuer or the Guarantor is the borrower, such Debt is subordinate in right of payment to the Notes.

" Interest Expense " means, for any period of time, the aggregate amount of interest recorded in accordance with GAAP for such period by Ventas, Inc. and its Subsidiaries, but excluding (i) interest reserves funded from the proceeds of any loan, (ii) prepayment penalties, (iii) amortization of deferred financing costs, and (iv) non-cash swap ineffectiveness charges, in all cases as reflected in the applicable Consolidated Financial Statements.

" Issue Date " means June 1 , 2017.

" Issuer " has the meaning stated in the preamble.

" Latest Completed Quarter " means, as of any date, the then most recently ended fiscal quarter of Ventas, Inc. for which Consolidated Financial Statements of Ventas, Inc. have been completed, it being understood that at any time when Ventas, Inc. is subject to the informational requirements of the Exchange Act, and in accordance therewith files annual and quarterly reports with the Commission, the term "Latest Completed Quarter" shall be deemed to refer to the fiscal quarter covered by Ventas, Inc.'s most recently filed Quarterly Report on Form 10-Q, or, in the case of the last fiscal quarter of the year, Ventas, Inc.'s Annual Report on Form 10-K.

" Notes " has the meaning stated in Section 1.01 hereof.

" Obligations " means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Debt.

" Par Call Date " means February 15 , 2023.

" Property EBITDA " means for any property owned by Ventas, Inc. or any of its Subsidiaries as of the date of determination, for any period of time, the net income (loss) derived from such property for such period, before deductions for (without duplication):

(1) Interest Expense;

(2) taxes;

(3) depreciation, amortization, and all other non-cash items, as determined reasonably and in good faith by Ventas, Inc., deducted in arriving at net income (loss);

(4) general and administrative expenses that are not allocated by management to a property segment, as reflected in Ventas, Inc.'s Consolidated Financial Statements available for the four (4) consecutive fiscal quarters ending with the Latest Completed Quarter;

(5) extraordinary items;

(6) non-recurring items or other unusual items, as determined reasonably and in good faith by Ventas, Inc. (including, without limitation, all prepayment penalties and all costs or fees incurred in connection with any debt financing or amendment thereto, acquisition, disposition, recapitalization or similar transaction (regardless of whether such transaction is completed));

(7) noncontrolling interests;

(8) income or expense attributable to transactions involving derivative instruments that do not qualify for hedge accounting in accordance with GAAP; and

(9) property valuation losses and impairment charges;

in each case attributable to such property.

For purposes of calculating Property EBITDA, all amounts shall be determined reasonably and in good faith by Ventas, Inc., and in accordance with GAAP except to the extent that GAAP is not applicable with respect to the determination of all non-cash and non-recurring items.

Property EBITDA shall be adjusted (without duplication) to give pro forma effect:

(x) in the case of any assets having been placed-in-service or removed from service since the first day of the period to the date of determination, to include or exclude, as the case may be, any Property EBITDA earned or eliminated as a result of the placement of such assets in service or removal of such assets from service as if the placement of such assets in service or removal of such assets from service occurred as of the first day of the period; and

(y) in the case of any acquisition or disposition of any asset or group of assets since the first day of the period to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, to include or exclude, as the case may be, any Property EBITDA earned or eliminated as a result of the acquisition or disposition of those assets as if the acquisition or disposition occurred as of the first day of the period.

" Secured Debt " means, as of any date, that portion of the aggregate principal amount of all outstanding Debt of Ventas, Inc. and its Subsidiaries as of that date that is secured by a Lien on properties or other assets of Ventas, Inc. or any of its Subsidiaries.

" Stabilized Development Asset " means, as of any date, a new construction or development Real Estate Asset at such date that, following the first four consecutive fiscal quarters occurring after substantial completion of construction or development, either (i) an additional six consecutive fiscal quarters have occurred or (ii) such Real Estate Asset is at least 90% leased, whichever shall first occur.

" Subsidiary " means, with respect to any Person, a corporation, partnership association, joint venture, trust, limited liability company, unlimited liability company or other business entity which is required to be consolidated with such Person in accordance with GAAP.

" Total Assets " means, as of any date, in each case as determined reasonably and in good faith by Ventas, Inc., the sum of (without duplication):

(1) with respect to Real Estate Assets that were owned by Ventas, Inc. and its Subsidiaries as of April 17, 2002 and that continue to be owned as of the date of determination, the annualized rental revenues specified for such Real Estate Assets on Schedule 1 attached to this Fourth Supplemental Indenture, divided by 0.0900, plus any annualized incremental rental revenue generated by such Real Estate Assets as a result of, arising out of or in connection with annual rent escalations or rent reset rights of Ventas, Inc. and its Subsidiaries with respect to such Real Estate Assets (whether by agreement or exercise of such right or otherwise), divided by 0.0900; for the purpose of this clause (1),

"annualized incremental rental revenue" in respect of a Real Estate Asset shall mean the increase in daily rental revenue generated by such Real Estate Asset as a result of, arising out of or in connection with such annual rent escalations or rent reset rights over the daily rental revenue generated by such Real Estate Asset immediately prior to the effective date of such increase, annualized by multiplying such daily increase by 365;

(2) with respect to all other Real Estate Assets owned by Ventas, Inc. and its Subsidiaries as of the date of determination (except as set forth in clause (3) below), the cost (original cost plus capital improvements before depreciation and amortization) thereof, determined in accordance with GAAP;

(3) with respect to Stabilized Development Assets owned by Ventas, Inc. and its Subsidiaries as of the date of determination, the aggregate sum of all Property EBITDA for such Stabilized Development Assets for the four (4) consecutive fiscal quarters ending with the Latest Completed Quarter divided by (i) 0.0900, in the case of a government reimbursed property and (ii) 0.0700 in all other cases; *provided* , however, that if the value of a particular Stabilized Development Asset calculated pursuant to this clause (3) is less than the cost (original cost plus capital improvements before depreciation and amortization) of such Real Estate Asset, as determined in accordance with GAAP, such cost shall be used in lieu thereof with respect to such Real Estate Asset;

(4) the proceeds of the Debt, or the assets to be acquired in exchange for such proceeds, as the case may be, incurred since the end of the Latest Completed Quarter;

(5) mortgages and other notes receivable of Ventas, Inc. and its Subsidiaries, determined in accordance with GAAP;

(6) cash, cash equivalents and marketable securities of Ventas, Inc. and its Subsidiaries, but excluding all cash, cash equivalents and marketable securities securing, or applied to defease or discharge, in each case as of that date, any indebtedness, including mortgages and other notes payable (including cash deposited with a trustee with respect to third party indebtedness), all determined in accordance with GAAP; and

(7) all other assets of Ventas, Inc. and its Subsidiaries (excluding goodwill), determined in accordance with GAAP.

" Unencumbered Assets " means, as of any date, in each case as determined reasonably and in good faith by Ventas, Inc., the sum of (without duplication):

(1) with respect to Real Estate Assets that were owned by Ventas, Inc. and its Subsidiaries as of April 17, 2002 and that continue to be owned as of the date of determination, but excluding any such Real Estate Assets that are serving as collateral for Secured Debt, the annualized rental revenues specified for such Real Estate Assets on Schedule 1 attached to this Fourth Supplemental Indenture, divided by 0.0900, plus any annualized incremental rental revenue generated by such Real Estate Assets as a result of, arising out of or in connection with annual rent escalations or rent reset rights of Ventas,

Inc. and its Subsidiaries with respect to such Real Estate Assets (whether by agreement or exercise of such right or otherwise), divided by 0.0900; for the purpose of this clause (1), "annualized incremental rental revenue" in respect of a Real Estate Asset shall mean the increase in daily rental revenue generated by such Real Estate Asset as a result of, arising out of or in connection with such annual rent escalations or rent reset rights over the daily rental revenue generated by such Real Estate Asset immediately prior to the effective date of such increase, annualized by multiplying such daily increase by 365;

(2) with respect to all other Real Estate Assets owned by Ventas, Inc. and its Subsidiaries as of the date of determination (except as set forth in clause (3) below), but excluding any such Real Estate Assets that are serving as collateral for Secured Debt, the cost (original cost plus capital improvements before depreciation and amortization) thereof, determined in accordance with GAAP;

(3) with respect to Stabilized Development Assets owned by Ventas, Inc. and its Subsidiaries as of the date of determination, excluding any such Stabilized Development Assets that are serving as collateral for Secured Debt, the aggregate sum of all Property EBITDA for such Stabilized Development Assets for the four (4) consecutive fiscal quarters ending with the Latest Completed Quarter divided by (i) 0.0900, in the case of a government reimbursed property and (ii) 0.0700 in all other cases; *provided* , however, that if the value of a particular Stabilized Development Asset calculated pursuant to this clause (3) is less than the cost (original cost plus capital improvements before depreciation and amortization) of such Real Estate Asset, as determined in accordance with GAAP, such cost shall be used in lieu thereof with respect to such Real Estate Asset;

(4) the proceeds of the Debt, or the assets to be acquired in exchange for such proceeds, as the case may be, incurred since the end of the Latest Completed Quarter;

(5) mortgages and other notes receivable of Ventas, Inc. and its Subsidiaries, except any mortgages or other notes receivable that are serving as collateral for Secured Debt, determined in accordance with GAAP;

(6) cash, cash equivalents and marketable securities of Ventas, Inc. and its Subsidiaries, but excluding all cash, cash equivalents and marketable securities securing, or applied to defease or discharge, in each case as of that date, any indebtedness, including mortgages and other notes payable (including cash deposited with a trustee with respect to third party indebtedness), all determined in accordance with GAAP; and

(7) all other assets of Ventas, Inc. and its Subsidiaries (excluding goodwill), other than assets pledged to secure Debt, determined in accordance with GAAP; *provided* , however, that Unencumbered Assets shall not include net real estate investments in unconsolidated joint ventures of Ventas, Inc. and its Subsidiaries.

For the avoidance of doubt, cash held by a "qualified intermediary" in connection with proposed like-kind exchanges pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, which may be classified as "restricted" for GAAP purposes shall nonetheless be

included in clause (6) above, so long as Ventas, Inc. or any of its Subsidiaries has the right to (i) direct the qualified intermediary to return such cash to Ventas, Inc. or such Subsidiary if and when Ventas, Inc. or such Subsidiary fails to identify or acquire the proposed like-kind property or at the end of the 180-day replacement period or (ii) direct the qualified intermediary to use such cash to acquire like-kind property.

" Unsecured Debt " means, as of any date, that portion of the aggregate principal amount of all outstanding Debt of Ventas, Inc. and its Subsidiaries as of that date that is neither Secured Debt nor Contingent Liabilities of Ventas, Inc. and its Subsidiaries.

ARTICLE II

REDEMPTION

Section 2.01 Amendment to Article 3 . Pursuant to Sections 2.02(7) and 2.02(8) of the Base Indenture, Article 3 of the Base Indenture is hereby amended with respect to the Notes by adding to the end the following new Sections 3.09, 3.10 and 3.11, in each case to read as follows:

" *Section 3.09 Optional Redemption* .

(a) The Issuer may, at its option, redeem the Notes at any time prior to maturity, in whole or from time to time in part.

(b) The redemption price for any redemption of the Notes will be equal to: (i) prior to the Par Call Date , the greater of: (1) 100% of the principal amount of the Notes to be redeemed, and (2) the Canada Yield Price, in each case plus accrued and unpaid interest thereon to (but excluding) the redemption date; and (ii) on or after the Par Call Date , 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest thereon to (but excluding) the redemption date.

(c) Any redemption pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.07 of the Indenture.

*Section 3.10 Mandatory Redemption* . The Issuer is not required to make mandatory redemption payments with respect to the Notes.

*Section 3.11 Purchase of Notes.* The Issuer may purchase, at any time or from time to time, all or any of the Notes in the market (which shall include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation for tenders or by private contract at such price or prices as may be determined by the Issuer."

ARTICLE III

COVENANTS

Section 3.01 Amendments to Article 4 .

(a) Pursuant to Section 2.02(14) of the Base Indenture, Section 4.03 of the Base Indenture is hereby amended with respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

" *Section 4.03 Reports* . Whether or not required by the Commission, so long as any Notes are outstanding, Ventas, Inc. shall file with the Trustee, within 15 days after it files the same with the Commission (or if not subject to the periodic reporting requirements of the Exchange Act, within 15 days after it would have been required to file the same with the Commission had it been so subject):

(1) all quarterly and annual financial information that is required to be contained in filings with the Commission on Forms 10-Q and 10-K, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Ventas, Inc.'s certified independent accountants; and

(2) all current reports that are required to be filed with the Commission on Form 8-K.

For so long as any Notes remain outstanding, if at any time Ventas, Inc. is not required to file with the Commission the reports required by the preceding paragraph of this Section 4.03, Ventas, Inc. shall furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The availability of the foregoing materials on the Commission's website or on Ventas, Inc.'s website shall be deemed to satisfy the foregoing delivery obligations. In the event that the rules and regulations of the Commission permit Ventas, Inc. and any direct or indirect parent of Ventas, Inc. to report at such parent entity's level on a consolidated basis, consolidated reporting at the parent entity's level in a manner consistent with that described in this Section 4.03 for Ventas, Inc. will satisfy this Section 4.03, and the Indenture will permit Ventas, Inc. to satisfy its obligation in this Section 4.03 with respect to financial information relating to Ventas, Inc. by furnishing financial information relating to such direct or indirect parent; provided that such financial information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating

to such direct or indirect parent and any of its Subsidiaries other than Ventas, Inc. and its Subsidiaries, on the one hand, and the information relating to Ventas, Inc. and its Subsidiaries on a standalone basis, on the other hand."

(b) Pursuant to Section 2.02(14) of the Base Indenture, Section 4.04 of the Base Indenture is hereby amended w ith respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

" *Section 4.04 Compliance Certificate* . "Ventas, Inc. shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of Ventas, Inc. and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether Ventas, Inc. has kept, observed, performed and fulfilled its obligations under the Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge, Ventas, Inc. has kept, observed, performed and fulfilled each and every covenant contained in the Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of the Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action Ventas, Inc. is taking or proposes to take with respect thereto) and that to the best of his or her knowledge, no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Securities of any series is prohibited or if such event has occurred, a description of the event and what action Ventas, Inc. is taking or proposes to take with respect thereto. For purposes of this Section 4.04, such compliance shall be determined without regard to any period of grace or requirement of notice under the Indenture."

(c) Pursuant to Section 2.02(14) of the Base Indenture, Section 4.06 of the Base Indenture is hereby amended w ith respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

" *Section 4.06 Corporate Existence* . Except as permitted by Article 5 and Section 11.04, Ventas, Inc. and the Issuer shall do all things necessary to preserve and keep their existence, rights and franchises; *provided* , however, that neither Ventas, Inc. nor the Issuer shall be required to preserve any such right or franchise if Ventas, Inc. or the Issuer, as applicable, shall determine reasonably and in good faith that the preservation thereof is no longer desirable in the conduct of its business; and provided, further, for clarity, the amalgamation or other combination of the Issuer with one or more other Subsidiaries of Ventas, Inc. shall not constitute a breach of this Section 4.06."

(d) Pursuant to Section 2.02(14) of the Base Indenture, Article 4 of the Base Indenture is hereby amended with respect to the Notes by adding to the end the following new Sections 4.07 through 4.11, in each case to read as follows:

" *Section 4.07 Taxes* . Ventas, Inc. will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

*Section 4.08 Stay, Extension and Usury Laws* . Each of Ventas, Inc. and the Issuer covenants (to the extent that they may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of the Indenture; and each of Ventas, Inc. and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

*Section 4.09 Limitations on Incurrence of Debt* .

(a) Ventas, Inc. shall not, and shall not permit any of its Subsidiaries to, Incur any Debt if, immediately after giving effect to the Incurrence of such additional Debt and any other Debt Incurred since the end of the Latest Completed Quarter and the application of the net proceeds therefrom, the aggregate principal amount of all outstanding Debt would exceed 60% of the sum of (without duplication) (i) Total Assets as of the end of the Latest Completed Quarter and (ii) the purchase price of any Real Estate Assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire Real Estate Assets or mortgages receivable or to reduce Debt), since the end of the Latest Completed Quarter.

(b) Ventas, Inc. shall not, and shall not permit any of its Subsidiaries to, Incur any Secured Debt if, immediately after giving effect to the Incurrence of such additional Secured Debt and any other Secured Debt Incurred since the end of the Latest Completed Quarter and the application of the net proceeds therefrom, the aggregate principal amount of all outstanding Secured Debt would exceed 50% of the sum of (without duplication) (i) Total Assets as of the end of the Latest Completed Quarter and (ii) the purchase price of any Real Estate Assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire Real Estate Assets or mortgages receivable or to reduce Debt), since the end of the Latest Completed Quarter.

(c) Ventas, Inc. shall not, and shall not permit any of its Subsidiaries to, Incur any Debt if, immediately after giving effect to the

Incurrence of such additional Debt and any other Debt Incurred since the end of the Latest Completed Quarter and the application of the net proceeds therefrom, the ratio of Consolidated EBITDA to Interest Expense for the four (4) consecutive fiscal quarters ending with the Latest Completed Quarter would be less than 1.50 to 1.00 on a pro forma basis and calculated on the assumption (without duplication) that:

(i) the additional Debt and any other Debt Incurred by Ventas, Inc. or any of its Subsidiaries since the first day of such four-quarter period to the date of determination, which was outstanding at the date of determination, had been Incurred at the beginning of that period and continued to be outstanding throughout that period, and the application of the net proceeds of such Debt, including to refinance other Debt, had occurred at the beginning of such period; *provided* , that in determining the amount of Debt so Incurred, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period;

(ii) the repayment or retirement of any other Debt repaid or retired by Ventas, Inc. or any of its Subsidiaries since the first day of such four-quarter period to the date of determination had occurred at the beginning of that period; *provided* , that in determining the amount of Debt so repaid or retired, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period; and

(iii) in the case of any acquisition or disposition of any asset or group of assets (including, without limitation, by merger, or stock or asset purchase or sale) or the placement of any assets in service or removal of any assets from service by Ventas, Inc. or any of its Subsidiaries since the first day of such four-quarter period to the date of determination, the acquisition, disposition, placement in service or removal from service and any related repayment or refinancing of Debt had occurred as of the first day of such period, with the appropriate adjustments to Consolidated EBITDA and Interest Expense with respect to the acquisition, disposition, placement in service or removal from service being included in that pro forma calculation.

*Section 4.10 Maintenance of Unencumbered Assets* . Ventas, Inc. and its Subsidiaries shall maintain at all times Unencumbered Assets of not less than 150% of the aggregate principal amount of all outstanding Unsecured Debt.”

ARTICLE IV

SUCCESSORS

Section 4.01 Amendments to Article 5 .

(a) Pursuant to Section 2.02(14) of the Base Indenture, Section 5.01 of the Base Indenture is hereby amended with respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

" *Section 5.01 Consolidation, Amalgamation, Merger, or Sale of Assets* .

Ventas, Inc. may not, directly or indirectly: (a) consolidate, amalgamate or merge with or into another Person (whether or not Ventas, Inc. is the surviving corporation); or (b) sell, assign, transfer, convey, lease (other than to an unaffiliated operator in the ordinary course of business) or otherwise dispose of all or substantially all of the properties or assets of Ventas, Inc. and its Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(i) Ventas, Inc. is the surviving corporation; or

(ii) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Ventas, Inc.) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Ventas, Inc.) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all of Ventas, Inc.'s obligations under the Notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee; and

(3) immediately after such transaction, on a pro forma basis giving effect to such transaction or series of transactions (and treating any obligation of Ventas, Inc. or any Subsidiary incurred in connection with or as a result of such transaction or series of transactions as having been incurred at the time of such transaction), no Default or Event of Default exists under the Indenture.

Notwithstanding anything to the contrary in this Section 5.01, Ventas, Inc. may consolidate, amalgamate or merge with or into the Issuer, or sell and/

or transfer to the Issuer all or substantially all of its assets, in each case, without compliance with any of the requirements set forth in this Article 5."

(b) Pursuant to Sections 2.02(14) of the Base Indenture, Article 5 of the Base Indenture is hereby amended with respect to the Notes by adding to the end the following new Sections 5.03 and 5.04, in each case to read as follows:

" *Section 5.03 Assumption by a Subsidiary of the Guarantor* .

A Subsidiary of the Guarantor that is organized and existing under the laws Canada or any Province thereof, may, without the consent of the Holders, directly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, the due and punctual payment of the principal of and interest on all the Notes and the performance of every covenant of the Indenture on the part of the Issuer to be performed or observed. Upon any such assumption, the Subsidiary shall succeed to, and be substituted for and may exercise every right and power of, the Issuer under the Indenture with the same effect as if the Subsidiary had been named as the Issuer herein and the Issuer shall be released from liability as obligor on the Notes.

*Section 5.04 Termination of the Guarantee* .

The obligations of the Guarantor under the Indenture shall terminate at such time the Guarantor merges, amalgamates or consolidates with the Issuer or at such other time as the Issuer acquires all of the assets and partnership interests of the Guarantor."

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01 Amendments to Article 6 .

(a) Pursuant to Section 2.02(14) of the Base Indenture, Section 6.01 of the Base Indenture is hereby amended with respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

" *Section 6.01. Events of Default* .

Each of the following is an "Event of Default":

(1) Ventas, Inc. or the Issuer does not pay the principal or any premium on any Note when due and payable;

(2) Ventas, Inc. or the Issuer does not pay interest on any Note within 30 days after the applicable due date;

(3) Ventas, Inc. or its Subsidiaries remain in breach of any other term of the Indenture for 90 days after they receive a notice of Default stating they are in breach. Either the Trustee or the Holders of more than 25% in aggregate principal amount of the Notes then Outstanding may send the notice;

(4) except as permitted by the Indenture and the Notes, the Securities Guarantee by Ventas, Inc. shall cease to be in full force and effect or Ventas, Inc. shall deny or disaffirm its obligations with respect thereto;

(5) the Issuer, Ventas, Inc. or any of its Significant Subsidiaries default under any of their third party indebtedness (including a default with respect to Securities of any series under the Indenture other than the Notes) in an aggregate principal amount exceeding US$50.0 million after the expiration of any applicable grace period, which default results in the acceleration of the maturity of such indebtedness. Such default is not an Event of Default if the other indebtedness is discharged, or the acceleration is rescinded or annulled, within a period of 30 days after the Issuer, Ventas, Inc. or any such Significant Subsidiary, as the case may be, receives notice specifying the default and requiring that they discharge the other indebtedness or cause the acceleration to be rescinded or annulled. Either the Trustee or the Holders of more than 25% in aggregate principal amount of the Notes then Outstanding may send the notice, with a copy to the Trustee if the Holders send the notice;

(6) the Issuer, Ventas, Inc. or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary:

(i) commence a voluntary case;

(ii) consent to the entry of an order for relief against them in an involuntary case;

(iii) consent to the appointment of a custodian of them or for all or substantially all of their property;

(iv) make a general assignment for the benefit of their creditors; or

(v) generally are not paying their debts as they become due; or

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Issuer, Ventas, Inc. or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, in an involuntary case;

(ii) appoints a custodian of the Issuer, Ventas, Inc. or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, or for all or substantially all of the property of

the Issuer, Ventas, Inc. or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(iii) orders the liquidation of the Issuer, Ventas, Inc. or any of its Significant Subsidiaries, or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;"

(b) Pursuant to Section 2.02(14) of the Base Indenture, Section 6.02 of the Base Indenture is hereby amended with respect to the Notes by (i) deleting the first sentence thereof in its entirety and inserting in its place the following:

" In the case of an Event of Default specified in clause (6) or (7) of Section 6.01, with respect to the Issuer, Ventas, Inc. or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, all Outstanding Notes will become due and payable immediately without further action or notice."

and (ii) adding to the end of Section 6.02 the following:

"Notwithstanding anything to the contrary contained in the Indenture, the sole remedy for an Event of Default relating to a failure to comply with any of the provisions of Section 4.03 hereof shall consist exclusively of the right to receive additional interest on the Notes at an annual rate equal to 0.25% of the outstanding principal amount of the Notes. This additional interest will be payable in the same manner and on the same dates as the stated interest payable on the Notes and will accrue on all Outstanding Notes from and including the date on which such Event of Default first occurs to, but not including, the date on which such Event of Default shall have been cured or waived."

(c) Pursuant to Section 2.02(14) of the Base Indenture, Section 6.08 of the Base Indenture is hereby amended with respect to the Notes by deleting from the first line thereof the reference to clause (3) of Section 6.01 of the Base Indenture.

## ARTICLE VI

## TRUSTEE

Section 6.01 Amendments to Article 7 . Pursuant to Section 2.02(14) of the Base Indenture, Section 7.06(e) of the Base Indenture is hereby amended with respect to the Notes by changing the references to Section 6.01(7) or (8) therein to Section 6.01(6) or (7).

ARTICLE VII

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 7.01 Applicability of Defeasance Provisions. Pursuant to Sections 2.02(17) and 8.01 of the Base Indenture, so long as any of the Notes are Outstanding, Sections 8.02 and 8.03 of the Base Indenture shall be applicable to the Notes.

Section 7.02 Determinations Under Section 8.03. For the purposes of Sections 2.02(17) and 8.03 of the Base Indenture, Section 8.03 of the Base Indenture shall apply to Sections 4.09 and 4.10.

Section 7.03 Determination Under Section 8.07. For the purposes of Sections 8.07 and 12.02 of the Base Indenture, the provisions of Section 8.07 of the Base Indenture shall apply to the Notes.

Section 7.04 Amendments to Article 8.

(a) Pursuant to Section 2.02(14) of the Base Indenture, the last sentence of Section 8.03 of the Base Indenture is hereby amended with respect to the Notes by changing the references to Sections 6.01(4) through 6.01(6) therein to Sections 6.01(3) through 6.01(5).

(b) Pursuant to Section 2.02(14) of the Base Indenture, Section 8.04(e) of the Base Indenture is hereby amended with respect to the Notes by deleting the text thereof in its entirety and inserting in its place the following:

> "(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture in respect of the Notes) to which Ventas, Inc. or the Issuer is a party or by which Ventas, Inc. or the Issuer is bound;"

ARTICLE VIII

AMENDMENT, SUPPLEMENT AND WAIVER

Section 8.01 Amendments to Article 9.

(a) Pursuant to Section 2.02(23) of the Base Indenture, Section 9.02 of the Base Indenture is hereby amended with respect to the Notes by deleting the text of Section 9.02(2) in its entirety and inserting in its place the following:

> "(2) reduce the principal amount or rate of interest, or change the fixed maturity or time for payment of interest, of any Note , or alter the provisions in Article 3 hereof with respect to redemption of the Securities (excluding, for the avoidance of doubt, the number of days before a redemption date that a notice of redemption may be mailed to the Holders, which may be amended

with the consent of the Holders of at least a majority in principal amount of the then Outstanding Securities)."

(b) Pursuant to Section 2.02(23) of the Base Indenture, Section 9.02 of the Base Indenture is hereby amended with respect to the Notes by deleting the text of Section 9.02(7) in its entirety and inserting in its place the following:

"(7) waive a redemption payment with respect to any Security; or"

ARTICLE IX

SECURITIES GUARANTEES

Section 9.01 Applicability of Guarantee Provisions .

(a) Pursuant to Sections 2.02(1) and 11.01 of the Base Indenture, so long as any of the Notes are Outstanding, Article 11 shall be applicable to the Notes.

(b) To evidence its Guarantee in accordance with Section 11.03 of the Indenture, the Guarantor agrees that a notation of such Guarantee substantially in the form attached as Exhibit B hereto will be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that the Indenture has been executed on behalf of such Guarantor by one of its Officers.

ARTICLE X

MISCELLANEOUS

Section 10.01 Determination Under Section 14.08 . For the purposes of Section 14.08 of the Base Indenture, the agreements of the Guarantor will bind its successors except as otherwise provided in Article 11 of the Base Indenture.

Section 10.02 Application of Fourth Supplemental Indenture; Ratification .

(a) Each and every term and condition contained in this Fourth Supplemental Indenture that modifies, amends or supplements the terms and conditions of the Base Indenture shall apply only to the Notes created hereby and not to any future series of Securities established under the Indenture.

(b) The Base Indenture, as supplemented and amended by this Fourth Supplemental Indenture, is in all respects ratified and confirmed, and the Base Indenture and this Fourth Supplemental Indenture shall be read, taken and construed as the same instrument.

(c) In the event of any conflict between this Fourth Supplemental Indenture and the Base Indenture, the provisions of this Fourth Supplemental Indenture shall prevail.

Section 10.03 Benefits of Fourth Supplemental Indenture. Nothing contained in this Fourth Supplemental Indenture shall or shall be construed to confer upon any Person other than a Holder of the Notes, the Issuer, the Guarantor or the Trustee any right or interest to avail itself of any benefit under any provision of the Base Indenture or this Fourth Supplemental Indenture.

Section 10.04 Effective Date. This Fourth Supplemental Indenture shall be effective as of the date first above written and upon the execution and delivery hereof by each of the parties hereto.

Section 10.05 Governing Law. This Fourth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, except in respect of Article IX hereof and the Guarantee, without regard to conflicts of laws principles thereof. Article IX of this Fourth Supplemental Indenture and the Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 10.06 Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed by their respective officers hereunto duly authorized, all as of the day and year first above written.

**VENTAS CANADA FINANCE LIMITED**

By: /s/ Christian N. Cummings
Name: Christian N. Cummings
Title: President

**VENTAS, INC.**

By: /s/ Robert F. Probst
Name: Robert F. Probst
Title: Executive Vice President and Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: /s/ Lisa M. Kudo
Name: Lisa M. Kudo
Title: Corporate Trust Officer

By: /s/ Robert Morrison
Name: Robert F. Probst
Title: Corporate Trust Officer

**EXHIBIT A**

**FORM OF NOTE**

[Face of Note]

CUSIP #92277LAD8

2.55% Senior Notes, Series D due 2023

No. ___ $_____

VENTAS CANADA FINANCE LIMITED

promises to pay to CDS & Co. or its registered assigns, the principal sum of

$_____ Canadian Dollars on March 15, 2023.

Interest Payment Dates: March 15 and September 15

Record Dates: March 1 and September 1

Dated: _____, 20___

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CDS & CO. THIS SECURITY MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SECURITY SHALL BE A GLOBAL SECURITY SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO VENTAS CANADA FINANCE LIMITED (THE “COMPANY”) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS

IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 – RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE NOTE BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) ● , ● , AND (II) THE DATE THE COMPANY BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LEGISLATION OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY.

**VENTAS CANADA FINANCE LIMITED**

By: ____
Name:
Title:
By: ____
Name:
Title:

This is one of the 2.55% Senior Notes, Series D due 2023 referred to in the within-mentioned Indenture:

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Trustee
By: _____
Authorized Signatory

[Back of Note]

2.55% Senior Notes, Series D due 2023

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *Interest* . Ventas Canada Finance Limited (the " Issuer ") promises to pay interest on the principal amount of this Note at 2.55% per annum from June 1, 2017 until maturity. The Issuer will pay interest semi-annually in arrears in equal instalments (except the initial interest payment) on March 15 and September 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an " Interest Payment Date "). The initial interest payment payable on September 15, 2017 will be in an amount equal to Cdn$7.40547945 per Cdn$1,000 principal amount. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from June 1, 2017; *provided,* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided* , *further* , that the initial Interest Payment Date shall be September 15, 2017. The Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; the Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. For any interim period (other than a full semi-annual period), the rate of interest applicable to the Note will be computed on the basis of a 365-day year. Whenever interest is computed on the basis of a year (the " deemed year ") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing such product by the number of days in the deemed year.

(2) *Method of Payment* . The Issuer will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the March 1 or September 1 (each, a " Record Date ") next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Issuer maintained for such purpose within or without the City of Toronto, Ontario, or, at the option of the Issuer, payment of interest may be made by cheque mailed to the Holders at their addresses set forth in the register of Holders; *provided,* that payment by wire transfer of immediately available funds will be required with respect to principal

of and interest and premium, if any, on all Notes represented by a Global Security and all other Notes the Holders of which will have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment will be in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts.

(3) *Paying Agent and Registrar* . Initially, Computershare Trust Company of Canada, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act in any such capacity.

(4) *Indenture* . The Issuer issued the Notes under an indenture, dated as of September 24, 2014 (the " Base Indenture "), as amended by the Fourth Supplemental Indenture, dated as of June 1, 2017 (the " Fourth Supplemental Indenture " and, together with the Base Indenture and as the Base Indenture and the Fourth Supplemental Indenture may be further amended and supplemented from time to time, the " Indenture "), among the Issuer, the Guarantor named therein and the Trustee. Reference is hereby made to the Indenture for a description of the rights of the Holders of the Notes, of the Issuer, of the Guarantor and of the Trustee and of the terms and conditions upon which the Notes are issued and held, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the Holder, by acceptance hereof, assents. In the event that there is any inconsistency between the provisions of the Indenture and the provisions hereof, the provisions of the Indenture shall govern. The Notes are unsecured obligations of the Issuer.

(5) *Optional Redemption* .

(a) The Issuer may, at its option, redeem the Notes at any time prior to maturity, in whole or from time to time in part.

(b) The redemption price for any redemption of the Notes will be equal to: (i) prior to February 15, 2023 (the " Par Call Date "), the greater of: (1) 100% of the principal amount of the Notes to be redeemed, and (2) the Canada Yield Price, in each case, plus accrued and unpaid interest thereon to (but excluding) the redemption date; and (ii) on or after the Par Call Date, 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest thereon to (but excluding) the redemption date. In the case of any redemption of Notes, interest installments whose maturity is on or prior to the redemption date will be payable to the Holders of record of such Notes at the close of business on the relevant Record Date in respect of such interest payment. Notes (or portions thereof), for whose redemption and payment provision is made in accordance with the Indenture, shall cease to bear interest from and after the redemption date. In the event of redemption of this Note in part only, a replacement Note or Notes for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

(c) Any redemption of the Notes shall be made pursuant to the provisions of Sections 3.01 through 3.07 of the Indenture.

(6) *Mandatory Redemption* . The Issuer will not be required to make mandatory redemption payments with respect to the Notes.

(7) *Notice of Redemption* . Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than Cdn$1,000 may be redeemed in part but only in whole multiples of Cdn$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

(8) *Denominations, Transfer, Exchange* . The Notes are in registered form without coupons in denominations of Cdn$1,000 and integral multiples of Cdn$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a Record Date and the corresponding Interest Payment Date.

(9) *Persons Deemed Owners* . The registered Holder of a Note may be treated as its owner for all purposes.

(10) *Amendment, Supplement and Waiver* . Subject to certain exceptions, the Indenture, the Securities Guarantee or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then Outstanding Securities affected by such amendment or supplemental indenture voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture, the Securities Guarantee or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then Outstanding Securities affected thereby voting as a single class. The Indenture also provides for the calling and holding of meetings of the Holders of Notes that permit certain amendments to be made to the Indentures, the Securities Guarantee and the Notes by resolutions passed by the favourable votes of the Holders of at least 50% of the principal amount of the Notes (or any series thereof) present in person or by proxy at any such meeting. Without the consent of any Holder of a Note, the Indenture, the Securities Guarantee or the Notes may be amended or supplemented to, among other things, cure any ambiguity, defect or inconsistency; to provide for uncertificated Notes in addition to or in place of certificated Notes; to provide for the assumption of the Issuer's obligations to Holders of Notes in the case of a merger, amalgamation or consolidation or sale of all or substantially all of the Issuer's assets; add additional Guarantees with respect to the Notes; secure the Notes; to make any other change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect

the legal rights under the Indenture of any such Holder; or to comply with requirements of applicable Canadian or United States laws.

(11) *Defaults and Remedies* . Events of Default with respect to the Notes include: (i) default in the payment of principal or any premium on the Notes when due and payable; (ii) default in the payment of interest on the Notes within 30 days after the applicable due date; (iii) breach of any other term of the Indenture for 90 days after receipt of a notice of Default stating Ventas, Inc. or its Subsidiaries is in breach; (iv) default under certain third party indebtedness of any of the Issuer, Ventas, Inc. or its Significant Subsidiaries, which default results in the acceleration of the maturity of such indebtedness, unless such other indebtedness is discharged, or the acceleration is rescinded or annulled, within 30 days after the Issuer, Ventas, Inc. or its Significant Subsidiaries, as applicable, receive notice of the default; and (v) certain events in bankruptcy, insolvency or reorganization occur with respect to the Issuer, Ventas, Inc. or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then Outstanding Notes may declare the entire principal amount of the Notes to be due and payable; *provided,* that the sole remedy for an Event of Default relating to a failure to comply with any of the provisions of Section 4.03 of the Indenture shall consist exclusively of the right to receive additional interest on the Notes in accordance with the terms set forth in the Indenture. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all Outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, the Holders of a majority in principal amount of the then Outstanding Notes may direct the Trustee in its exercise of any trust or power. Subject to certain exceptions, the Holders of a majority in aggregate principal amount of the then Outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium, if any, or interest on the Notes. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

(12) *Trustee Dealings with Issuer* . The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates as if it were not the Trustee.

(13) *No Recourse Against Others* . No director, officer, employee or stockholder of Ventas, Inc. or any of its Subsidiaries, as such, will have any liability for any obligations of Ventas, Inc. or any of its Subsidiaries under the Notes or the Indenture based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The foregoing waiver and release are an integral part of the consideration for the issuance of the Notes.

(14) *Authentication* . This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(15) *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(16) *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Ventas Canada Finance Limited
c/o Ventas, Inc.
10350 Ormsby Park Place, Suite 300
Louisville, Kentucky 40223
Attention: General Counsel

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee's legal name)

_____

(Insert assignee's Soc. Sec., S.I.N. or Tax I.D. No.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip/postal code)

and irrevocably appoint _____
to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Note in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by one of the following methods:

   Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

   Canada: A Signature Guarantee obtained from a major Canadian Schedule 1 chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of a Medallion Signature Guarantee Program.

   Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

2. The registered holder of this Note is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Note.

Signature of Guarantor: _____

Signature of transferring registered holder: _____

Name of Institution: _____

Cdn$_____
2.55% Senior Notes, Series D due 2023

CUSIP 92277LAD8

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL SECURITY

The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global Security or Definitive Security for an interest in this Global Security, have been made:

| Date of Exchange | Amount of decrease in Principal Amount of this Global Security | Amount of increase in Principal Amount of this Global Security | Principal Amount of this Global Security following such decrease (or increase) | Signature of authorized officer of Trustee or Custodian |
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**EXHIBIT B**

**FORM OF NOTATION OF SECURITIES GUARANTEE**

For value received, the Guarantor (which term includes any successor Person under the Indenture hereinafter referred to) has unconditionally guaranteed to the extent set forth in, and subject to the provisions of, an indenture dated as of September 24 , 20 14 (the " Base Indenture "), as amended by the Fourth Supplemental Indenture, dated as of June 1 , 2017 (the " Fourth Supplemental Indenture " and, together with the Base Indenture and as the Base Indenture and the Fourth Supplemental Indenture may be further amended and supplemented from time to time, the " Indenture ") among Ventas Canada Finance Limited (the " Issuer "), the Guarantor named therein and Computershare Trust Company of Canada, as trustee (the " Trustee "), providing for the issuance of 2.55 % Senior Notes, Series D due 2023 , ( a ) the due and punctual payment of the principal of, premium, if any, and interest on the Notes (as defined in the Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Issuer to the Holders or the Trustee all in accordance with the terms of the Indenture and ( b ) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligation of the Guarantor to the Holders of Notes and to the Trustee pursuant to the Securities Guarantee and the Indenture are expressly set forth in the Base Indenture and Article IX of the Fourth Supplemental Indenture and reference is hereby made to the Indenture for the precise terms of the Securities Guarantee. Each Holder of a Note, by accepting the same, agrees to and shall be bound by such provisions.

**THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS GUARANTEE.**

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

**VENTAS, INC.**
By:
Name:
Title:

**Exhibit 12.1**

## STATEMENT REGARDING COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

| | For the Six Months Ended June 30, 2017 |
|---|---|
| | (Dollars in thousands) |
| Income before unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interest | $ 299,836 |
| Interest expense | |
| Senior notes payable and other debt | 222,376 |
| Distributions from unconsolidated entities | 3,134 |
| Earnings | $ 525,346 |
| Interest | |
| Senior notes payable and other debt expense | $ 222,376 |
| Interest capitalized | 2,095 |
| Fixed charges | $ 224,471 |
| | |
| Ratio of Earnings to Fixed Charges | 2.34 |

**Exhibit 31.1**

I, Debra A. Cafaro, certify that:

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

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

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2017

/s/ DEBRA A. CAFARO

Debra A. Cafaro
*Chairman and Chief Executive Officer*

**Exhibit 31.2**

I, Robert F. Probst, 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: July 28, 2017

/s/ ROBERT F. PROBST

Robert F. Probst
*Executive Vice President and Chief Financial Officer*

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the "Company") for the period ended June 30, 2017 , 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: July 28, 2017

/s/ DEBRA A. CAFARO

Debra A. Cafaro
*Chairman and Chief Executive Officer*

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

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ventas, Inc. (the "Company") for the period ended June 30, 2017 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert F. Probst, 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: July 28, 2017

/s/ ROBERT F. PROBST

Robert F. Probst
*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.