

VENTAS INC  
Form 10-Q  
October 24, 2014

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 SEPTEMBER 30, 2014

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

Commission file number: 1-10989

Ventas, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

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

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

60654  
(Zip Code)  
(877) 483-6827  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

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

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

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

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Class of Common Stock:	Outstanding at October 22, 2014:
Common Stock, \$0.25 par value	294,318,374

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## VENTAS, INC.

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)

	September 30, 2014	December 31, 2013
Assets		
Real estate investments:		
Land and improvements	\$1,937,888	\$1,855,968
Buildings and improvements	19,664,973	18,457,028
Construction in progress	116,975	80,415
Acquired lease intangibles	1,039,949	1,010,181
	22,759,785	21,403,592
Accumulated depreciation and amortization	(3,833,974 )	(3,328,006 )
Net real estate property	18,925,811	18,075,586
Secured loans receivable and investments, net	407,551	376,229
Investments in unconsolidated entities	88,175	91,656
Net real estate investments	19,421,537	18,543,471
Cash and cash equivalents	64,595	94,816
Escrow deposits and restricted cash	78,746	84,657
Deferred financing costs, net	64,898	62,215
Other assets	1,021,389	946,335
Total assets	\$20,651,165	\$19,731,494
Liabilities and equity		
Liabilities:		
Senior notes payable and other debt	\$10,469,106	\$9,364,992
Accrued interest	69,112	54,349
Accounts payable and other liabilities	965,240	1,001,515
Deferred income taxes	361,454	250,167
Total liabilities	11,864,912	10,671,023
Redeemable OP unitholder and noncontrolling interests	163,080	156,660
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, 294,359 and 297,901 shares issued at September 30, 2014 and December 31, 2013, respectively	73,603	74,488
Capital in excess of par value	9,859,490	10,078,592
Accumulated other comprehensive income	16,156	19,659
Retained earnings (deficit)	(1,398,378 )	(1,126,541 )
Treasury stock, 32 and 3,712 shares at September 30, 2014 and December 31, 2013, respectively	(2,075 )	(221,917 )
Total Ventas stockholders' equity	8,548,796	8,824,281
Noncontrolling interest	74,377	79,530
Total equity	8,623,173	8,903,811
Total liabilities and equity	\$20,651,165	\$19,731,494
See accompanying notes.		



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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Rental income:				
Triple-net leased	\$244,206	\$218,698	\$724,778	\$644,403
Medical office buildings	116,598	114,779	346,711	335,472
	360,804	333,477	1,071,489	979,875
Resident fees and services	396,247	359,112	1,141,781	1,039,876
Medical office building and other services revenue	7,573	4,146	18,240	11,331
Income from loans and investments	14,043	14,448	39,435	45,284
Interest and other income	368	66	814	1,901
Total revenues	779,035	711,249	2,271,759	2,078,267
Expenses:				
Interest	98,469	83,764	277,811	244,635
Depreciation and amortization	201,224	177,038	585,636	524,033
Property-level operating expenses:				
Senior living	265,274	244,316	762,993	706,561
Medical office buildings	41,147	40,566	119,827	115,010
	306,421	284,882	882,820	821,571
Medical office building services costs	4,568	1,651	9,565	4,957
General, administrative and professional fees	29,466	28,659	93,638	84,757
Loss (gain) on extinguishment of debt, net	2,414	(189)	5,079	(909)
Merger-related expenses and deal costs	16,749	6,208	37,108	17,137
Other	15,229	4,353	25,321	13,325
Total expenses	674,540	586,366	1,916,978	1,709,506
Income before (loss) income from unconsolidated entities, income taxes, discontinued operations, real estate dispositions and noncontrolling interest	104,495	124,883	354,781	368,761
(Loss) income from unconsolidated entities	(47)	) 110	549	533
Income tax benefit (expense)	1,887	2,780	(4,820)	) 13,100
Income from continuing operations	106,335	127,773	350,510	382,394
Discontinued operations	(259)	) (9,174)	) 2,517	(36,164)
Gain on real estate dispositions	3,625	—	16,514	—
Net income	109,701	118,599	369,541	346,230
Net income attributable to noncontrolling interest	569	303	964	1,161
Net income attributable to common stockholders	\$109,132	\$118,296	\$368,577	\$345,069
Earnings per common share:				
Basic:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$0.37	\$0.43	\$1.24	\$1.30
Discontinued operations	(0.00)	) (0.03)	) 0.01	(0.12)
Net income attributable to common stockholders	\$0.37	\$0.40	\$1.25	\$1.18
Diluted:				
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$0.37	\$0.43	\$1.23	\$1.29

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Discontinued operations	(0.00 )	(0.03 )	0.01	(0.12 )
Net income attributable to common stockholders	\$0.37	\$0.40	\$1.24	\$1.17
Weighted average shares used in computing earnings per common share:				
Basic	294,030	292,818	293,965	292,308
Diluted	296,495	295,190	296,411	294,788
Dividends declared per common share	\$0.725	\$0.67	\$2.175	\$2.01
See accompanying notes.				

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VENTAS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	\$109,701	\$118,599	\$369,541	\$346,230
Other comprehensive (loss) income:				
Foreign currency translation	(2,747 )	1,665	(3,320 )	(3,148 )
Change in unrealized gain on intra-entity currency loan	(10,138 )	—	(4,586 )	—
Change in unrealized gain on marketable securities	(334 )	(208 )	1,237	(1,015 )
Other	3,120	84	3,166	2,102
Total other comprehensive (loss) income	(10,099 )	1,541	(3,503 )	(2,061 )
Comprehensive income	99,602	120,140	366,038	344,169
Comprehensive income attributable to noncontrolling interest	569	303	964	1,161
Comprehensive income attributable to common stockholders	\$99,033	\$119,837	\$365,074	\$343,008

See accompanying notes.



VENTAS, INC.

CONSOLIDATED STATEMENTS OF EQUITY

For the Nine Months Ended September 30, 2014 and the Year Ended December 31, 2013

(Unaudited)

(In thousands, except per share amounts)

Common	
Stock	Capital
Par	in
Value	