

# Ventas Inc.

**S&P Capital IQ Recommendation**

**STRONG BUY** ★★★★★

**Price**  
\$72.22 (as of Sep 23, 2016 4:00 PM ET)

**12-Mo. Target Price**  
\$87.00

**Report Currency**  
USD

**Investment Style**  
Large-Cap Blend

**S&P Capital IQ Equity Analyst Ken Leon**

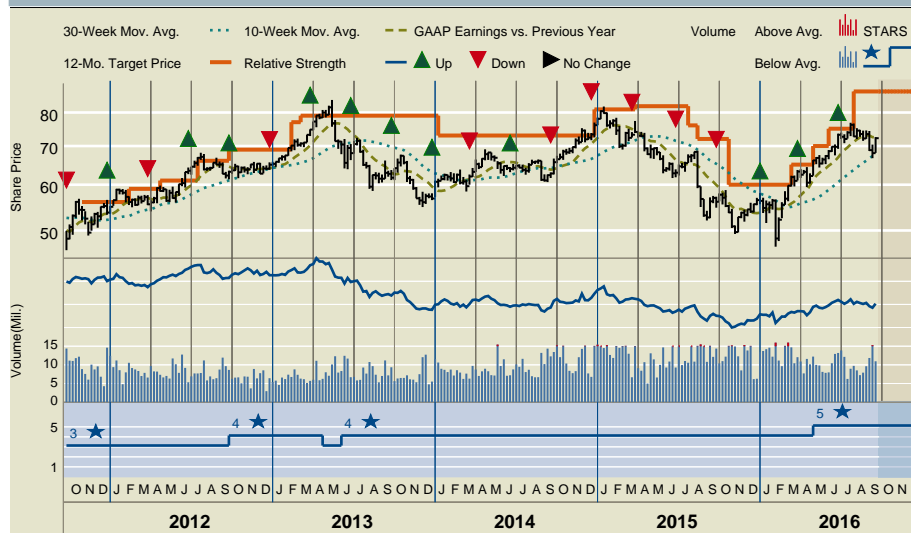
**GICS Sector** Real Estate  
**Sub-Industry** Health Care REITs

**Summary** This real estate investment trust invests in health care facilities, including seniors housing, specialty care facilities, hospitals and medical office buildings.

**Key Stock Statistics** (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	\$76.80– 46.87	S&P FFO/Sh. 2016E	4.10	Market Capitalization(B)	\$25.374	Beta	0.34
Trailing 12-Month FFO/Share	\$2.63	S&P FFO/Sh. 2017E	4.30	Yield (%)	4.04	S&P 3-Yr. FFO/Sh. Proj. CAGR(%)	NA
Trailing 12-Month P/FFO	NA	P/FFO on S&P FFO/Sh. 2016E	17.6	Dividend Rate/Share	\$2.92	S&P Quality Ranking	B
\$10K Invested 5 Yrs Ago	NA	Common Shares Outstg. (M)	351.4	Institutional Ownership (%)	90		

**Price Performance**



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Ken Leon** on Jul 29, 2016 10:58 AM, when the stock traded at \$76.07.

**Highlights**

- ▶ Following 7% revenue growth in 2015, we estimate near 5% growth in 2016, driven by growth in its senior housing and triple-net portfolios. New supply in 30% of its markets puts some pressure on rental rate increases. We are positive on 70% of its properties in high barrier to entry areas such as New York City, Los Angeles, Boston and other supply constrained markets. In 2016, we see asset sales of \$500 million in asset dispositions.
- ▶ At June 30, 2016, VTR's portfolio on a net operating income basis was Triple-Net (43%), Senior Housing (32%), Medical Offices (20%) and Loans (5%). For senior housing, average monthly revenue per occupied room (REVPOR) was \$5,461 in the second quarter, up 3.8% from the prior year. Triple net lease portfolio only has a 3.1% and 5.4% lease rollover or maturity in 2016 and 2017. Medical office NOI was up 5.0% (same store 4.5%) in the second quarter.
- ▶ We forecast FFO per share of \$4.10 for 2016 and \$4.30 for 2017. We expect future growth to be driven by continued strong performance in VTR's three major business units. For 2016, the decline in FFO from \$4.47 in 2015 is tied to the spin-off of its skilled nursing facilities.

**Investment Rationale/Risk**

- ▶ We believe VTR has a well-diversified portfolio of health care properties by property type and geography. We also like the predictable nature of its long-term triple net lease revenue stream. We are positive on the proposed \$1.5 billion cash acquisition of Wexford Science and Technology from affiliates of Blackstone Real Estate Partners VII, expected to close in the fourth quarter. The 25 Class-A Wexford properties are tied to attractive life science and medical assets tied to leading universities.
- ▶ Risks to our recommendation and target price include an economic slowdown that reduces demand for private pay seniors housing facilities, and a significant decrease in government reimbursement rates.
- ▶ Our 12-month target price at \$87 applies a forward P/FFO of 20.2X, a premium to the peer average at 15X. Our premium recognizes VTR's footprint with 70% of its properties in supply constrained markets for healthcare facilities and medical offices. As a health care REIT leader, we believe a premium is supported by VTR's greater financing capability versus less diversified health care REITs that have a less attractive property profile.

**Analyst's Risk Assessment**

<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>
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Our risk assessment reflects VTR's position as the owner of a large and diversified portfolio of health care-related properties that provide what we see as a steady and predictable stream of income.

**Revenue/FFO Data**

**Revenue (Million \$)**

	1Q	2Q	3Q	4Q	Year
2016	852.0	849.7	--	--	--
2015	805.6	816.9	827.6	842.3	3,286
2014	741.5	751.3	779.0	804.0	3,076
2013	682.5	683.8	710.9	732.8	2,810
2012	568.6	614.5	641.5	660.7	2,485
2011	268.4	362.6	562.5	571.4	1,765

**FFO Per Share (\$)**

	1Q	2Q	3Q	4Q	Year
2016	1.05	1.04	E1.02	E1.00	E4.10
2015	1.09	1.16	0.78	1.06	4.09
2014	1.05	1.06	1.03	1.16	4.29
2013	1.00	1.03	1.03	1.03	4.10
2012	0.74	0.81	0.97	0.96	3.48
2011	0.62	0.57	0.91	1.24	3.57

Fiscal year ended Dec. 31. Next earnings report expected: Late October. FFO Estimates based on S&P Funds From Operations Est.

**Dividend Data**

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.730	Dec 11	Dec 17	Dec 21	Dec 30 '15
0.730	Feb 12	Mar 3	Mar 7	Mar 31 '16
0.730	May 10	Jun 2	Jun 6	Jun 30 '16
0.730	Aug 29	Sep 13	Sep 15	Sep 30 '16

Dividends have been paid since 1999. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

**Please read the Required Disclosures and Analyst Certification on the last page of this report.**

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# Ventas Inc.



## Business Summary July 29, 2016

Ventas Inc. is a health care REIT that specializes in acquiring, financing and owning seniors housing and health care properties, and leasing those properties to third parties or operating them through independent third-party managers. At the end of 2015, its portfolio consisted of interests in 1,282 properties in the United States and Canada, including seniors housing communities, skilled nursing facilities, hospitals and medical office buildings (MOBs) in 46 states, the District of Columbia and two Canadian provinces. With the exception of its seniors housing communities, which are managed by Sunrise Medical Systems pursuant to long-term management agreements, and the majority of its MOBs, VTR leases its properties to health care operating companies under triple-net or absolute-net leases, which require the tenants to pay all property-related expenses. The trust also makes real estate loan investments relating to seniors housing and health care companies.

VTR's seniors housing communities include independent and assisted living communities, and communities providing care for individuals with Alzheimer's disease and other forms of dementia or memory loss. These communities offer residential units on a month-to-month basis primarily to elderly individuals requiring various levels of assistance. Basic services for residents of these communities include housekeeping, meals in a central dining area and group activities organized by the staff with input from the residents. More extensive care and personal supervision, at additional fees, are also available for such needs as eating, bathing, grooming, transportation, limited therapeutic programs and medication administration, all of which encourage the residents to live as independently as possible according to their abilities. These needs are often met by home health providers in close coordination with the resident's physician and skilled nursing facilities. The skilled nursing facilities typically provide nursing care services to the elderly, and rehabilitation and restoration services, including physical, occupational and speech therapies, and other medical treatment for patients and residents who do not require the high technology, care-intensive setting of an acute care or rehabilitation hospital.

VTR's hospitals are generally operated as long-term acute care hospitals, which are hospitals that have a Medicare average length of stay greater than 25 days that serve medically complex, chronically ill patients who require a high level of monitoring and specialized care, but whose conditions do not necessitate the continued services of an intensive care unit. VTR's hospitals are freestanding facilities, and the company does not own any "hospitals within hospitals." The company also owns two rehabilitation hospitals devoted to the rehabilitation of patients with various neurological, musculoskeletal, orthopedic and other medical conditions following stabilization of their acute medical issues.

VTR's MOBs provide office space primarily for physicians and other health care businesses. While these properties are similar to commercial office buildings, they require more plumbing, electrical and mechanical systems to accommodate multiple physicians' offices and examination rooms that may have sinks in every room, brighter lights and specialized medical equipment. MOBs are typically multi-tenant properties leased to multiple health care providers (hospitals and physician practices).

VTR routinely acquires and disposes of properties to enhance the overall value of its portfolio. In April 2015, VTR announced a plan to spin off most of its post-acute/skilled nursing facility portfolio into an independent, publicly traded REIT. VTR shareholders will receive one common share of the new company for each four shares of VTR they own. This transaction was completed in 2015. Also, VTR announced the acquisition of privately-owned Ardent Medical Services, Inc., one of the ten largest for-profit hospital companies in the U.S., for \$1.75 billion in cash.

## Corporate Information

### Investor Contact

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### Website

http://www.ventasreit.com

### Officers

#### Chrmn & CEO

D.A. Cafaro

#### SVP, Chief Acctg

Officer & Cntrl

G.R. Liebbe

#### EVP & CFO

R.F. Probst

#### SVP & CIO

J.K. Hart

#### EVP, Chief Admin

Officer, Secy &

General Counsel

T.R. Riney

### Board Members

M. C. Barnes

D. A. Cafaro

J. M. Gellert

R. I. Gilchrist

M. J. Lustig

R. M. Martino

D. M. Pasquale

W. C. Rakowich

R. D. Reed

G. J. Rufrano

J. D. Shelton

### Domicile

Delaware

### Founded

1983

### Employees

466

### Stockholders

5,102

# Ventas Inc.

## Quantitative Evaluations

<b>S&amp;P Capital IQ Fair Value Rank</b>	NR	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

**Fair Value Calculation** NA

<b>Investability Quotient Percentile</b>	93
	LOWEST = 1 HIGHEST = 100

VTR scored higher than 93% of all companies for which an S&P Capital IQ Report is available.

<b>Volatility</b>	LOW	AVERAGE	HIGH
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**Technical Evaluation** NA

<b>Insider Activity</b>	UNFAVORABLE	NEUTRAL	FAVORABLE
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For further clarification on the terms used in this report, please visit [www.spcapitaliq.com/stockreportguide](http://www.spcapitaliq.com/stockreportguide)

## Expanded Ratio Analysis

	2015	2014	2013	2012
Price/Sales	5.74	6.92	6.02	7.67
Price/Pretax Income	51.10	45.61	35.33	63.90
P/E Ratio	46.34	44.91	34.57	62.37
Avg. Diluted Shares Outstg (M)	334.0	296.7	295.1	294.5

Figures based on calendar year-end price

## Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	6.84	9.73	24.46	25.16
Net Income	-14.13	8.61	13.43	16.48

## Ratio Analysis (Annual Avg.)

	2015	2014	2013	2012
Net Margin (%)	12.38	15.06	15.57	17.63
% LT Debt to Capitalization	53.29	52.98	49.50	51.70
Return on Equity (%)	4.46	NA	4.85	7.17

## Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tangible Book Value	23.31	25.80	26.46	26.95	28.39	15.18	15.74	14.99	13.65	6.51
Earnings	1.22	1.59	1.66	1.04	1.57	1.38	1.27	1.30	1.15	1.25
S&P Capital IQ Core Earnings	NA	NA	NA	NA	NA	NA	1.27	1.30	1.15	1.25
Dividends	3.62	2.97	2.74	2.48	2.30	2.14	2.05	2.05	2.05	1.58
Payout Ratio	NM	187%	165%	NM	NM	155%	161%	158%	105%	126%
Prices:High	81.93	75.16	84.11	68.15	57.45	56.20	44.91	52.00	47.97	42.40
Prices:Low	49.31	56.43	54.89	53.24	43.25	40.36	19.13	17.31	23.98	29.54
P/E Ratio:High	67	47	51	66	37	41	35	40	42	34
P/E Ratio:Low	40	35	33	51	28	29	15	13	21	24

## Income Statement Analysis (Million \$)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rental Income	1,346	1,434	1,326	1,194	820	540	501	487	484	418
Mortgage Income	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Income	3,286	3,076	2,810	2,485	1,765	1,016	936	930	772	428
General Expenses	1,556	1,373	1,099	1,085	762	375	342	348	234	36.7
Interest Expense	367	377	334	293	237	179	179	203	204	141
Provision for Losses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Depreciation	824	828	689	725	431	221	201	232	234	120
Net Income	407	474	489	306	360	218	195	182	147	131
S&P Capital IQ Core Earnings	NA	NA	NA	NA	NA	NA	195	182	141	131

## Balance Sheet & Other Financial Data (Million \$)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Cash	53.0	55.4	94.8	67.9	45.8	21.8	107	177	82.4	1.25
Total Assets	22,262	21,226	19,731	18,980	17,272	5,758	5,616	5,770	5,717	3,254
Real Estate Investment	24,755	23,933	21,872	20,476	18,148	6,748	6,293	NA	6,290	6,161
Loss Reserve	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Investment	20,578	19,907	18,543	17,842	16,232	5,280	5,115	5,173	5,494	3,084
Short Term Debt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	118	Nil	Nil
Capitalization:Debt	11,207	10,932	9,365	8,414	6,429	2,900	2,670	3,030	3,360	2,199
Capitalization:Equity	9,564	8,680	8,824	9,019	9,275	2,387	2,466	2,148	1,824	710
Capitalization:Total	21,029	19,858	18,426	17,503	15,888	5,290	5,154	5,456	5,320	2,939
% Earnings & Depreciation/Assets	5.7	6.4	6.1	5.7	6.9	7.7	6.9	7.2	8.4	8.5
Price Times Book Value:High	3.5	2.8	3.2	2.5	1.9	3.7	2.9	3.5	3.5	6.5
Price Times Book Value:Low	2.1	2.2	2.1	2.0	1.4	2.7	1.2	1.2	1.8	4.5

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# Ventas Inc.

## Sub-Industry Outlook

We have a positive outlook for the S&P Healthcare REIT Index. Year to date, the health care REITs are up 17.0% compared to 7.3% up for the S&P 1500 Index, as of September 2, 2016. In 2015, the healthcare REITs sub-industry declined 12.2% versus the S&P 1500, down only 1.0%. Using the SNL Equity REIT Healthcare Index, healthcare REITs are trading at a 16.9% premium to the net asset value (NAV) mean estimate and a price to FFO multiple of 15.1X to the 2016 FFO mean estimate.

Using the SNL Financial defined universe, the index showed FFO growth of 20.1% in 2015 compared to 11.9% in 2014, while real estate investment growth rose 15.4% in 2015, above most other REIT property types, versus 11.4% in 2014. We believe total equity to total assets at 46.6% in 2015 versus 47.7% in 2014 is tied to higher development and acquisitions.

We believe those healthcare REITs with a diversified portfolio by property type and geography should achieve operational excellence from newer post-acute facilities, senior housing and medical offices. Positive drivers are long leases, high lease renewal rates, private-pay sources and properties tied to a health system. The premium property sub-markets are tied to life sciences and academic research facilities, in our opinion. In late August, Ventas closed on the \$1.5 billion in cash acquisition of Wexford Science & Technology, LLC from affiliates of Blackstone Real Estate Partners VIII L.P, which we view favorably. Wexford owns 25 properties related to class-A assets that are leased by leading universities, academic medical centers and research companies.

In 2016 certain areas such as nursing rehabilitative facilities and medical office properties have held up better than the increasing supply of new senior residences that cover assisted-living facilities.

Investor concerns rest with the impact from the Affordable Care Act that have curtailed the length of patient stays or hospital visits, thereby hurting overall profitability. For healthcare REITs, skilled nursing facilities are also under pressure from the shifting Medicare reimbursement model.

Most REITs with a higher mix to private versus government reimbursement sourcing are stable and generating positive FFO growth. We think the problems associated with the operator HCR ManorCare are company specific. This is HCP's major tenant and others like Senior Housing Properties Trust, who have high concentrations in the skilled nursing industry. HCP has announced the planned spin off of HCR ManorCare into a separate entity that is expected to take place later this year.

Compared to other REIT categories, healthcare REIT properties have historically less competition as new development was not an issue, although we raise this issue regarding assisted-living facilities in 2015. Demographics of an aging population should favor the long term trend for this REIT category, but a closer look at individual companies geographic footprint for owned properties will determine winners from losers, in our opinion.

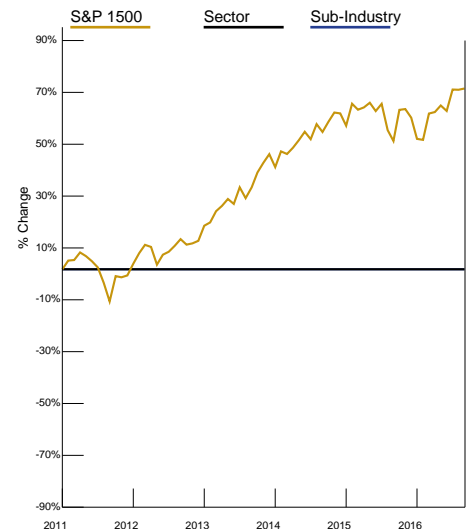
In our opinion, healthcare REITs and their properties are more recession resistant with demand for health services are inelastic for those requiring nursing homes, assisted living, or other medical care. Some healthcare REITs are focused on affiliation with the major private healthcare groups such as John Hopkins or the Cleveland Clinic that have interest to partner with operators with post-acute beds in suburban settings.

--K. Leon

## Industry Performance

**GICS Sector: Real Estate**  
**Sub-Industry: Health Care REITs**

Based on S&P 1500 Indexes  
Five-Year market price performance through Sep 24, 2016



**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

The Sub-Industry was created recently; therefore no historical index data exists yet to display a performance line.

Past performance is not an indication of future performance and should not be relied upon as such.

## Sub-Industry : Health Care REITs Peer Group\*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>Ventas Inc</b>	<b>VTR</b>	<b>25,374</b>	<b>72.22</b>	<b>76.80/46.87</b>	<b>0.34</b>	<b>4.0</b>	<b>56</b>	<b>NA</b>	<b>B</b>	<b>93</b>	<b>12.4</b>	<b>53.3</b>
CareTrust REIT	CTRE	481	15.12	15.88/9.12	NA	4.5	NM	NA	NR	70	NA	NA
HCP Inc	HCP	18,367	39.28	40.43/25.11	0.38	5.9	NM	NA	B-	88	NM	53.0
Healthcare Realty Tr	HR	3,743	35.09	36.60/24.22	0.68	3.4	52	NA	B-	90	15.2	53.5
Healthcare Tr of Amer' A'	HTA	4,672	33.87	34.64/23.83	0.01	3.5	NM	NA	NR	80	8.2	53.0
LTC Properties	LTC	2,066	52.88	54.20/40.02	0.60	4.1	25	NA	B+	88	53.7	46.5
Medical Prop Trust	MPW	3,562	14.96	15.92/9.61	0.87	6.1	18	NA	B	89	31.4	61.2
Natl Health Investors	NHI	3,163	80.79	82.53/54.51	0.41	4.5	19	NA	A-	87	65.5	45.0
New Senior Investment	SNR	9,793	11.77	12.68/7.78	NA	8.8	NM	NA	NR	19	NA	NA
Omega Healthcare Investors	OHI	6,989	36.13	38.09/26.96	0.75	6.6	23	NA	B+	95	30.2	46.5
Physicians Realty Tr	DOC	2,355	21.80	22.03/14.68	NA	4.1	NM	19.10	NR	55	9.1	30.7
Sabra Health Care REIT	SBRA	1,609	24.64	26.40/14.92	1.48	6.8	29	NA	NR	79	33.2	57.0
Senior Housing Prop Trust	SNH	5,552	23.38	23.85/13.53	0.51	6.7	47	20.40	B	83	12.5	51.0
Univl Health Realty	UHT	849	63.69	64.26/45.41	0.66	4.1	50	NA	B	82	35.6	36.2
Welltower Inc	HCN	27,345	76.40	80.19/52.80	0.48	4.5	41	NA	A-	97	23.4	43.7

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

## S&P Capital IQ Analyst Research Notes and other Company News

### July 29, 2016

10:51 am ET ... S&P GLOBAL REITERATES STRONG BUY OPINION ON VENTAS SHARES (VTR 76.35\*\*\*\*): We raise our 12-month target price by \$12 to \$87 applying a forward P/FFO of 20.2X to our 2017 FFO estimate, a premium to the peers. Our premium recognizes VTR's footprint with 70% of its properties in supply constrained markets for healthcare facilities and medical offices. We lower our FFO estimate in 2016 by \$0.05 to \$4.10 for expected near term dilution for Wexford acquisition and keep 2017 at \$4.30. VTR posts Q2 FFO of \$1.04, vs. \$1.18, in line with our estimate. We are positive on the \$1.5B cash acquisition of Wexford Science and Technology, expected to close in Q4. /Ken Leon

### July 7, 2016

11:37 am ET ... S&P GLOBAL REITERATES STRONG BUY OPINION ON VENTAS, INC. (VTR 72.17\*\*\*\*): After further review, we are positive on the proposed \$1.5B cash acquisition of Wexford Science and Technology from affiliates of Blackstone Real Estate Partners VII. The transaction is expected to close in Q4 of 2016. We believe the 25 Class-A Wexford properties are tied to attractive sub-markets in life science and medical real estate assets associated with leading universities. VTR will enter into a long-term management and pipeline agreement with Wexford as VTR will own the existing real estate portfolio. The deal is expected to be positive to VTR's normalized FFO in 2017. /Ken Leon

### June 8, 2016

Ventas, Inc. announced that it has elected Walter C. Rakowich, retired Chief Executive Officer of Prologis, and Roxanne M. Martino, Chief Executive Officer of Aurora Investment Management, to its Board of Directors, effective immediately. Mr. Rakowich will serve on the Company's Audit and Compliance Committee and Ms. Martino will serve on its Executive Compensation Committee.

### June 6, 2016

09:04 am ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON VENTAS SHARES (VTR 67.28\*\*\*\*): We raise our 12-month target price by \$5 to \$75 applying a forward price/FFO multiple of 18.1X our 2016 FFO estimate, a premium to the peer average at 13.5X. Our premium recognizes VTR's footprint with 70% of its properties in supply constrained markets for healthcare facilities and medical offices. VTR also has a 4.4% dividend yield, and we keep our FFO estimates at \$4.15 in 2016. Its long-term triple net lease revenue stream provides stability. VTR has over 80% of its rental revenues from private pay sources, and a low mix of government revenues is a positive in our view. /Ken Leon

### May 11, 2016

Ventas, Inc. announced that its Board of Directors has appointed James D. Shelton to serve as the Company's independent presiding director. Douglas Crocker II, who served the Company as independent presiding director for 13 years, has retired from the Board in connection with the Company's retirement policy. As presiding director, Mr. Shelton will chair executive sessions of the Board and otherwise act as a liaison between the independent members of the Board and the Company's management. He is currently Chair of the Board's Nominating and Corporate Governance Committee and Executive Committee. Mr. Shelton is also a director of Envision.

### April 29, 2016

10:53 am ET ... S&P GLOBAL RAISES TO STRONG BUY FROM BUY OPINION ON VENTAS SHARES (VTR 61.78\*\*\*\*): We are raising our 12-month target price by \$5 to \$70 applying a forward P/FFO of 16.9X, a premium to the peer average at 13X. Our premium recognizes VTR's footprint with 70% of its properties in supply constrained markets for healthcare facilities and medical offices. We keep our FFO estimates at \$4.15 in 2016 and \$4.30 in 2017. VTR posts Q1 FFO of \$1.04, vs. \$1.18, \$0.02 above the consensus from Capital IQ. VTR is targeting \$500M in asset dispositions with funds to be used for redevelopment, new property acquisitions and dividends. We see VTR as a healthcare REIT leader. /Ken Leon

### March 15, 2016

10:27 am ET ... S&P CAPITAL IQ REITERATES BUY OPINION ON VENTAS SHARES (VTR 60.01\*\*\*\*): We raise our 12-month target price by \$5 to \$65 applying a forward price/FFO multiple of 15.7X our 2016 FFO estimate. VTR also has an attractive 4.9% dividend yield with a 74.3% payout to FFO in 2015. We keep our FFO estimates at \$4.15 in 2016 and \$4.30 in 2017. We like the business model for this healthcare REIT with a property mix that cover medical offices to senior housing assets. Its long-term triple net lease revenue stream provides stability.

VTR has over 80% of its rental revenues from private pay sources, and a low mix of government revenues is a positive in our view. /Ken Leon

### February 16, 2016

07:36 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON VENTAS SHARES (VTR 48.43\*\*\*\*): We maintain our 12-month target price at \$60 applying a forward price/FFO multiple of 14.5X our 2016 FFO estimate. We are reducing our 2016 FFO estimate by \$0.04 to \$4.15 and introduce 2017's at \$4.30 a share. VTR posts Q4 FFO of \$1.03, vs. \$1.15, \$0.02 above the Capital IQ consensus. We like the business model for this healthcare REIT with a property mix that cover medical offices to senior housing assets. Its long-term triple net lease revenue stream provides stability. VTR has over 80% of its rental revenues from private pay sources with high barriers of entry in key markets. /Ken Leon

### October 23, 2015

05:28 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF VENTAS, INC. (VTR 55.13\*\*\*\*): We reduce our 12-month target price \$12 to \$60, 14.4X our '16 FFO/share estimate. This above peer multiple reflects VTR's size advantage, better access to capital and stronger balance sheet than less diversified health care REITs. We trim our '15 and '16 FFO/share estimates \$0.16 and \$0.45 to \$4.46 and \$4.19. VTR reported Q3 FFO/share of \$1.09 vs \$1.12, \$0.01 above the Capital IQ consensus. Cash same-store net operating income (SSNOI) grew 4.3% for the entire portfolio while the senior housing portfolio reported SSNOI growth of 3.2%, down from 4% in Q2 due to reduced occupancy. /K. Snyder

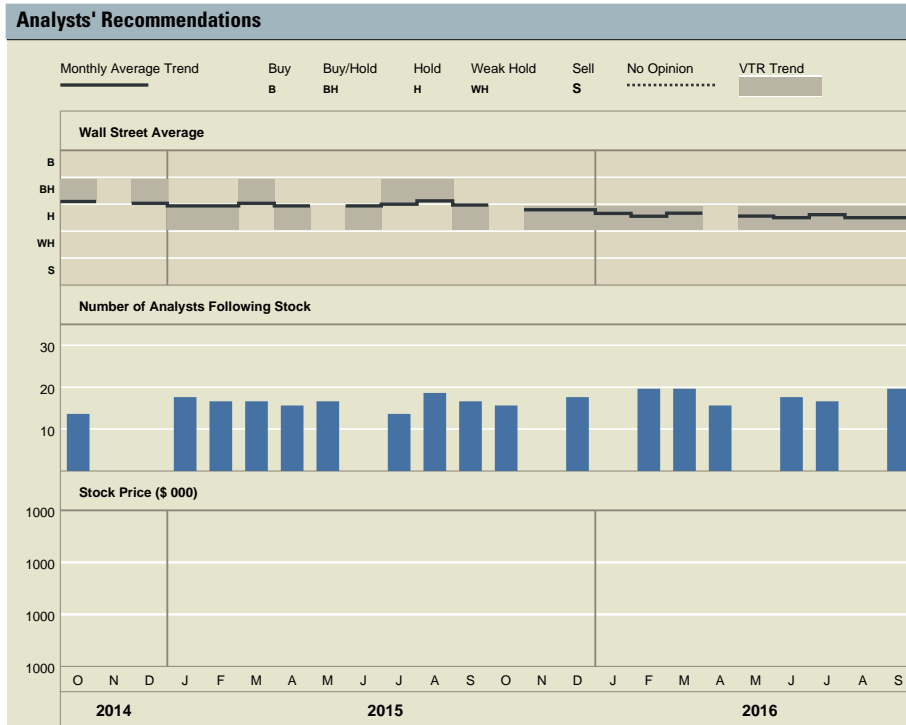
### September 29, 2015

Ventas, Inc. named Gregory R. Liebbe as Senior Vice President, Chief Accounting Officer and Controller.

### August 20, 2015

12:17 pm ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF VENTAS, INC. (VTR 59.96\*\*\*\*): We cut our 12-month target price \$4 to \$72, on an above peer 15.5X our '16 FFO/share estimate. The new target price reflects the completed spin-off of VTR's skilled nursing facilities into a publicly traded REIT called Care Capital Properties (CCP 35 NR). We trim our '15 and '16 FFO/share estimates \$0.10 and \$0.24 to \$4.62 and \$4.64, respectively. We believe VTR's cost of capital has improved with the spin-off now complete, which increases its ability to make accretive deals in the future. In our opinion, VTR will now be able to focus more on its large tenant business. /K. Snyder

# Ventas Inc.



### Wall Street Consensus Opinion

**HOLD**

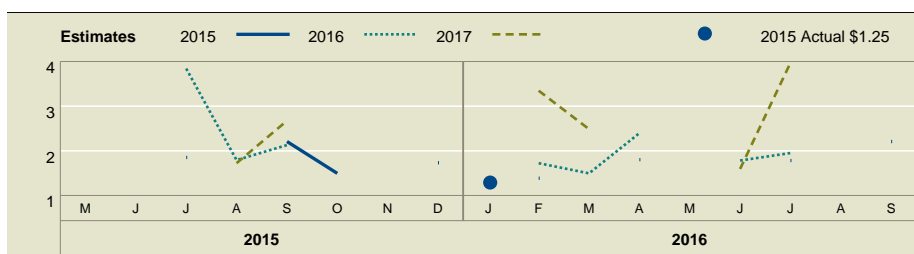
### Companies Offering Coverage

- Argus Research Company
- BMO Capital Markets Equity Research
- BTIG
- Barclays
- BofA Merrill Lynch
- Citigroup Inc
- Deutsche Bank
- Evercore ISI
- Goldman Sachs
- Hilliard Lyons
- Jefferies LLC
- KeyBanc Capital Markets Inc.
- Mizuho Securities USA, Inc.
- Morningstar Inc.
- RBC Capital Markets
- Raymond James & Associates
- Stifel
- UBS Investment Bank
- Wells Fargo Securities, LLC

Of the total 19 companies following VTR, 19 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	2	11	2	2
Buy/Hold	1	5	1	1
Hold	14	74	13	11
Weak Hold	0	0	1	1
Sell	2	11	2	2
No Opinion	0	0	0	0
<b>Total</b>	<b>19</b>	<b>100</b>	<b>19</b>	<b>17</b>

### Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2017	1.74	1.89	1.50	5	41.5
2016	1.64	1.80	1.44	4	44.0
<b>2017 vs. 2016</b>	<b>▲ 6%</b>	<b>▲ 5%</b>	<b>▲ 4%</b>	<b>▲ 25%</b>	<b>▼ -6%</b>
Q3'17	0.42	0.47	0.38	2	NM
Q3'16	0.40	0.45	0.37	5	NM
<b>Q3'17 vs. Q3'16</b>	<b>▲ 5%</b>	<b>▲ 4%</b>	<b>▲ 3%</b>	<b>▼ -60%</b>	<b>NA</b>

### Wall Street Consensus vs. Performance

For fiscal year 2016, analysts estimate that VTR will earn US\$ 1.64. For the 2nd quarter of fiscal year 2016, VTR announced earnings per share of US\$ 0.42, representing 26% of the total annual estimate. For fiscal year 2017, analysts estimate that VTR's earnings per share will grow by 6% to US\$ 1.74.

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.



## Glossary

### S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

### S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

### S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

### S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

### S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

### S&P Capital IQ Equity Research

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### Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

### Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

### S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

### STARS Ranking system and definition:

#### ★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

#### ★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

#### ★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

### Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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S&P Capital IQ's quantitative recommendations quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

### STARS Stock Reports and Quantitative Stock Reports:

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### STARS Stock Reports:

#### S&P Capital IQ Global STARS Distribution as of June 30, 2016

Ranking	North America	Europe	Asia	Global
Buy	24.6%	17.8%	30.0%	23.7%
Hold	48.0%	57.8%	45.0%	49.6%
Sell	27.4%	24.4%	25.0%	26.7%
Total	100%	100%	100%	100%

### Quantitative Stock Reports:

The rankings for Quantitative reports have a fixed distribution based on relative weightings as described in the Glossary section of the report.

### Analyst Certification

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**Ventas Inc.**

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