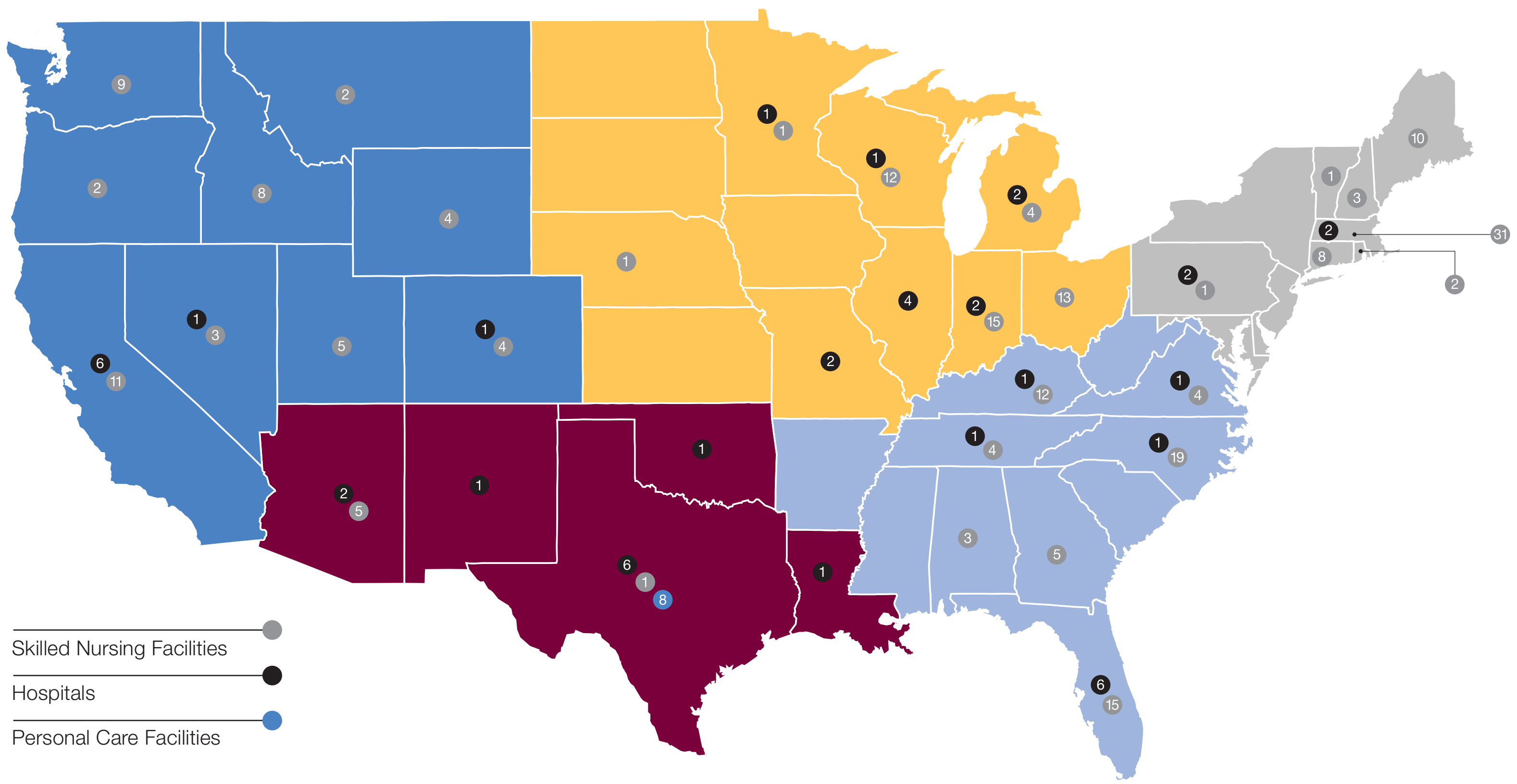
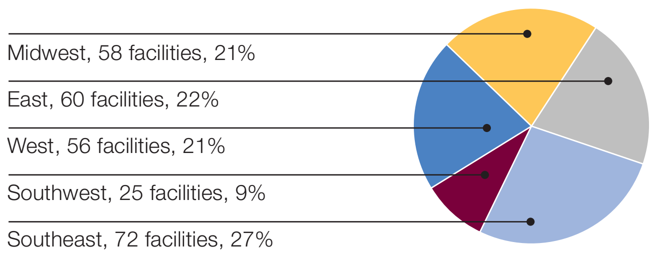
VENTAS, INC. ANNUAL REPORT 1999

THE VENTAS PORTFOLIO: LARGE, IMPRESSIVE, GEOGRAPHICALLY DIVERSE



GEOGRAPHIC DISTRIBUTION OF FACILITIES



HOSPITALS

Arizona: 2
California: 6
Colorado: 1
Florida: 6
Illinois: 4
Indiana: 2
Kentucky: 1
Louisiana: 1
Massachusetts: 2
Michigan: 2
Minnesota: 1
Missouri: 2
Nevada: 1
New Mexico: 1
North Carolina: 1
Oklahoma: 1
Pennsylvania: 2
Tennessee: 1
Texas: 6
Virginia: 1
Wisconsin: 1

SKILLED NURSING FACILITIES

Alabama: 3
Arizona: 5
California: 11
Colorado: 4
Connecticut: 8
Florida: 15
Georgia: 5
Idaho: 8
Indiana: 15
Kentucky: 12
Maine: 10
Massachusetts: 31
Michigan: 4
Minnesota: 1
Montana: 2
Nebraska: 1
Nevada: 3
New Hampshire: 3
North Carolina: 19
Ohio: 13
Oregon: 2
Pennsylvania: 1
Rhode Island: 2
Tennessee: 4
Texas: 1
Utah: 5
Vermont: 1
Virginia: 4
Washington: 9
Wisconsin: 12
Wyoming: 4

PERSONAL CARE FACILITIES

Texas: 8

Work In Progress

DEAR SHAREHOLDERS:

We begin the new year resolved to continue the substantial progress we made in 1999 toward rebuilding the financial strength of Ventas.

We recently completed our new $1 billion long-term amended credit agreement, giving us flexibility to manage our business objectives. We also worked together with Vencor, our primary tenant, as it began its formal restructuring process by filing its Chapter 11 bankruptcy petition. At the same time, we announced non-binding terms for a restructuring of Vencor's debt and lease obligations. During 1999, we received substantially all of our scheduled rent payments, met our own financial commitments and generated and maintained substantial cash reserves. Finally, the government took important, positive actions — relief from the Medicare reimbursement cuts and intervention in "whistleblower" lawsuits — both of which will benefit Ventas and Vencor.

Since joining Ventas a year ago, my singular focus has been on the arduous task of working out an agreement with Vencor's creditors that would benefit Ventas and its shareholders and contribute to a revitalized Vencor. We have consistently maintained that the optimal — and therefore most likely — outcome of Vencor's financial distress is a Vencor negotiated global restructuring among Ventas, Vencor and all of Vencor's major creditors. Hurdles remain. But we are confident that we will preserve and recapture Ventas' equity value. Ultimately, this will be the measure of our efforts.

Building on a portfolio of valuable assets — 218 skilled nursing facilities, 45 hospitals and 8 personal care facilities — we have created the framework for Ventas' recovery. To understand how we are reshaping our future, it is important to recap past events in a complex and changing health care environment.

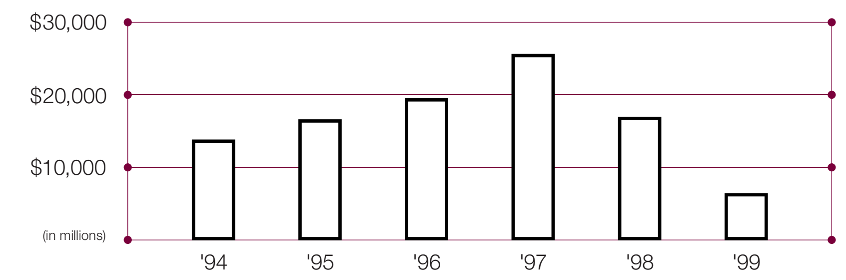
HEALTH CARE IN CRITICAL CONDITION

Health care operators are still grappling with the most complex operating and financial environment the industry has ever experienced. The Prospective Payment System, mandated by the 1997 Balanced Budget Act, rocked the financial stability of the entire industry, pushing the nursing home sector into an industry-specific depression. Consider these facts:

- Congress intended the Balanced Budget Act to cut $9.5 billion over five years from the nursing home industry. The government's own estimates now demonstrate that the Prospective Payment System would reduce total payments to nursing home operators by $18 billion over that same period.
- Simultaneously, Medicare *qui tam*, or "whistleblower," lawsuits proliferated, absorbing time, money and the attention of an industry already under siege.
- A major segment of the long-term health care industry collapsed under the weight of the government's actions. An unprecedented number of publicly traded nursing home chains sought protection in bankruptcy court. Following Vencor's filing last September were Sun Healthcare Group, Mariner and Integrated Health Services. Privately held Lenox Healthcare and Frontier Group also filed Chapter 11 bankruptcies.
- The nation's eight largest publicly held, long-term health care companies lost an average of 82 percent of their equity value in 1999. Total market capitalization for the sector was $3.6 billion at the end of 1999, compared with $18.9 billion in late 1997.

EQUITY MARKET CAPITALIZATION DECLINES FOR HEALTH CARE COMPANIES

Comprises nursing home operators, health care REITS, and institutional pharmacy service providers.
Source: Company reports, ILX Systems.



The health care environment has become inhospitable, and Vencor — whose mission is to care for the elderly — is one of its victims. Specifically, the Medicare reimbursement cuts sabotaged Vencor's ability to thrive and meet its obligations, including its ability to pay rent to us. After six months of negotiations with Vencor and its major creditors, all parties agreed that successful implementation of a Vencor restructuring plan would best be accomplished under the auspices of bankruptcy court protection. Vencor's September 1999 Chapter 11 filing allows Vencor to continue serving its patients with uninterrupted quality care while it works with its creditors to complete its plan of reorganization.

A CONSENSUAL GLOBAL RESTRUCTURING FOR VENCOR

We are fully committed to completing a negotiated consensual plan of reorganization for Vencor. We support an agreement that will create a viable and healthy Vencor and that will provide opportunities for Ventas to share in Vencor's future profitability.

Achieving this long-term goal of a stable, restructured Vencor requires short-term compromises. For our part, we cooperated in Vencor's Chapter 11 filing by indicating our willingness to make meaningful rental reductions predicated upon substantial debt forgiveness from Vencor's major creditors.

Fairness dictates that Ventas should participate in Vencor's future successes in exchange for any current sacrifices of the Ventas constituents. Any current rental reductions must be balanced by an agreement for Ventas to receive "upside" in the form of annual rent escalators, a piece of "new" Vencor's equity and/or a mechanism to capture a portion of Vencor's expected revenue growth.

A consensual Vencor reorganization is our primary goal, but it cannot come at any cost. Vencor's major creditors — its banks, subordinated debtholders and the government — will most certainly continue to demand that Ventas make maximum rent concessions and that Ventas receive minimal benefits for its contributions. We expect this process, which is inherent in a negotiated restructuring, to continue until Vencor emerges from bankruptcy.

We are confident of our analysis and strategy. We cannot yet predict with certainty the specific outcome of the Vencor saga or the timing of a resolution. But we are working steadily toward a resolution that will leave Ventas with strong cash flow, a stable revenue stream from a creditworthy tenant and potential for earnings growth.

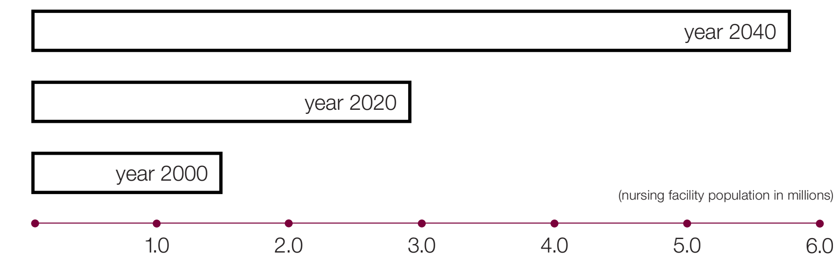
REBUILDING ON A STRONG FOUNDATION

The financial distress suffered by Vencor in 1999 has obscured the value of our portfolio of real estate assets. Ventas owns a large, impressive and geographically diverse portfolio of 218 skilled nursing facilities, 45 hospitals and 8 personal care facilities located in 36 states. The Ventas portfolio will become more valuable as the country's population ages.

FAIRNESS DICTATES THAT VENTAS SHOULD PARTICIPATE IN VENCOR'S FUTURE SUCCESSES IN EXCHANGE FOR ANY CURRENT SACRIFICES OF THE VENTAS CONSTITUENTS.

DEMOGRAPHICS WILL DRIVE VALUE

By 2020, it is expected that the nursing facility population will increase to 2.9 million and then nearly double to 5.7 million by 2040. Source: American Health Care Association.



Today, there are 1.5 million nursing facility patients; that number will double by 2020. The over 85 population is one of the fastest growing age groups in the U.S. and will double in the next ten years.

Yet the supply of long-term care beds, which has been stable at 1.8 million beds for 10 years, will remain tight for the foreseeable future due to limited availability of capital for construction and significant regulatory barriers to entry in many states. These constraints on new construction make it difficult and expensive to build new facilities to absorb increased demand.

These realities of demographics and economics reinforce our confidence in the inherent worth of our health care real estate assets.

Our challenge is to retain the value of our assets during the current market disruption so that our shareholders can realize that value when the health care industry returns to profitability. Toward that end, we have made substantial incremental progress.

We closed on a new $1 billion amended long-term credit agreement, despite a difficult credit environment. The agreement does not require us to sell real estate assets, refinance or raise equity in the near term. Most importantly, it replaces uncertainty with certainty and allows us to complete Vencor's restructuring without pressure or distraction.

Vencor's Chapter 11 bankruptcy filing protects Vencor's business while Ventas and Vencor's creditors define a new, sustainable capital structure for Vencor. At the time of the filing, Ventas and Vencor's major creditors agreed on non-binding terms for a Vencor reorganization; this blueprint for "new" Vencor will evolve over time into a detailed reorganization plan for Vencor's post-bankruptcy financial structure. Once a new capital structure is in place, Vencor will be in a position to return to profitability and satisfy a reduced financial burden in a timely, deliberate fashion.

During 1999, we fortified ourselves by amassing sizable cash reserves. To further sustain us as we complete Vencor's reorganization, we have maintained the bulk of our cash reserves, which approximate $120 million as of March 2000.

Two important contributions to our rebuilding have come from the government. First, the government acknowledged the magnitude of its mistake in imposing drastic Medicare reimbursement cuts. Congress has voted to reinstate $2.7 billion in Medicare reimbursements to skilled nursing facilities over the next three years, which will benefit both Ventas and Vencor.

Second, we have made detailed substantive and structural advances toward settling government claims that have arisen from the numerous "whistleblower" suits pending against Vencor and Ventas. The government's recent intervention in those cases will facilitate a global settlement. Any formal settlement would be included in Vencor's plan of reorganization and would remove a cloud that hangs over Vencor and Ventas.

OUR CHALLENGE IS TO RETAIN THE VALUE OF OUR ASSETS DURING THE CURRENT MARKET DISRUPTION SO THAT OUR SHAREHOLDERS CAN REALIZE THAT VALUE WHEN THE HEALTH CARE INDUSTRY RETURNS TO PROFITABILITY.

LOOKING FORWARD

We intend to qualify as a Real Estate Investment Trust (REIT) for 1999 and subsequent periods. REITs are exempt from federal corporate income taxation if they distribute 95 percent of each year's taxable income to their shareholders. To date, we have deferred payment of normal quarterly dividends to conserve and build our cash balances.

We appreciate the importance of these distributions to our shareholders, and expect to distribute 95 percent of our 1999 taxable income as a dividend by September 15, 2000.

In March 2000, different groups of sophisticated investors announced their intention to invest in two public long-term care companies at valuations in excess of then current market valuations. In one case, existing management has offered to take the company it leads private. The willingness of these informed investors to "call the bottom" of the current health care cycle reinforces our judgment that improvements in the financial performance of the long-term care operators are at last on the horizon.

As we move forward, Ventas shareholders will continue to benefit from an outstanding Board of Directors. As your fiduciaries and stewards, they have demonstrated extraordinary wisdom, thoughtfulness and intelligence addressing the challenges facing us. Each member of the Ventas Board of Directors has invested considerable time and experience to protect your investment in Ventas. I thank them.

I am also fortunate to work with a dedicated and productive team of executives who are driven to succeed on your behalf. And we are assisted on a day-to-day basis by capable support professionals who enhance our efforts.

A WORK IN PROGRESS

1999 was a year of rebuilding for Ventas. It was marked with uncertainty and chaos in the health care industry. In that environment, we capitalized on our existing tangible and intangible assets to create a framework for future financial stability and strength.

Ventas remains a work in progress. We relish the challenges ahead and welcome the responsibilities that come with your trust. We will continue to meet each challenge directly and unequivocally, ever mindful that our goal is to advance your investment in Ventas.

Sincerely,

Debra A. Cafaro
President and Chief Executive Officer
March 20, 2000

VENTAS, INC. IS A REAL ESTATE COMPANY WHOSE PROPERTIES INCLUDE 218 NURSING FACILITIES, 45 HOSPITALS AND 8 PERSONAL CARE FACILITIES LOCATED IN 36 STATES.

VENTAS BOARD OF DIRECTORS

Walter F. Beran (73)
Debra A. Cafaro (42)
Douglas Crocker II (59)
Ronald G. Geary (52)
W. Bruce Lunsford (52)
R. Gene Smith (65)

VENTAS SENIOR MANAGEMENT

W. Bruce Lunsford, Chairman
Debra A. Cafaro, President and Chief Executive Officer
T. Richard Riney, Executive Vice President, General Counsel and Secretary
John C. Thompson, Vice President, Corporate Development

CORPORATE HEADQUARTERS

Ventas, Inc.
4360 Brownsboro Road
Suite 115
Louisville, KY 40207-1642
502.357.9000

ANNUAL MEETING

The Annual Meeting of Shareholders will convene at 9:00 am EDT on May 23, 2000 at The Olmstead in Louisville, Kentucky.

STOCK INFORMATION

Ventas, Inc is traded on the NYSE Exchange symbol under the ticker symbol “VTR.” As of December 31, 1999, Ventas had 67,959,569 outstanding shares.

TRANSFER AGENT AND REGISTRAR

National City Bank
Corporate Trust Administration
629 Euclid Avenue, Room 635
Cleveland, OH 44114

INFORMATION

Copies of the Annual Report, Form 10-K or other published information may be obtained by contacting the corporate office.

INDEPENDENT AUDITORS

Ernst & Young LLP

LEGAL COUNSEL

Willkie Farr & Gallagher

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