

**Ventas, Inc.**  
Annual Report  
2000

'00

**Fixed.**  
Forward.

- Led financial restructuring of Vencor to successful conclusion.
- Reached global settlement with Department of Justice for all Medicare billing disputes and “whistleblower” lawsuits.
- Elected and maintained REIT status.
- Paid 1999 and 2000 dividends.
- Ranked by NAREIT® as the top performing healthcare REIT and third best performing REIT overall, with Total Shareholder Return of 79.5 percent in 2000.
- Maintained liquidity and stable market capitalization.
- Preserved valuable and geographically diverse assets.
- Restructured \$1 billion debt on long-term basis.
- Reduced bank debt by nearly \$90 million.
- Remained current on all financial obligations.
- Expanded and strengthened management team.
- Divested non-core assets.

## Letter to Our Shareholders

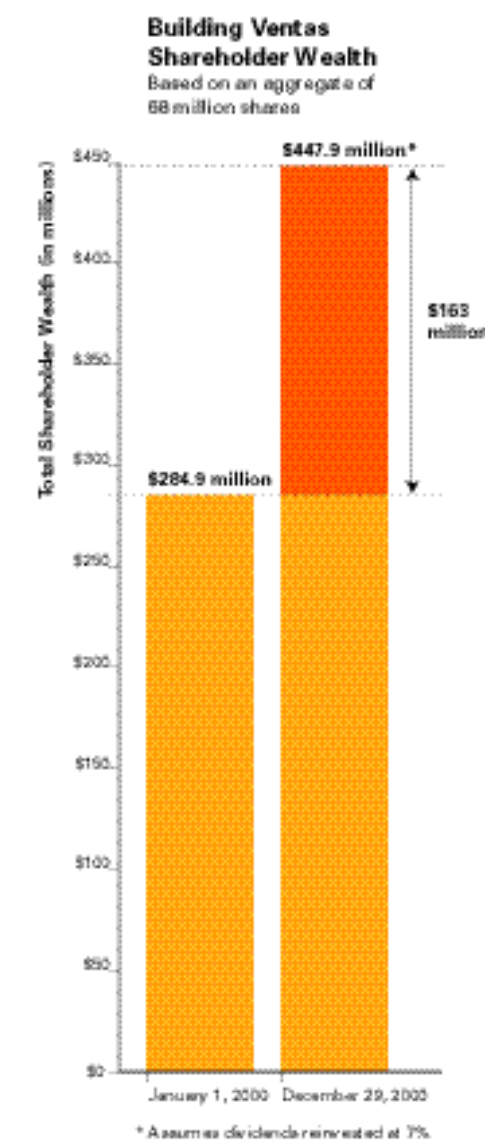
Dear Shareholders:

The worst is over. Our 2000 was successful because we fixed the fundamental problems that have plagued Ventas since 1999 and we began to restore shareholder value.

Last year we committed to repair Ventas so that it would emerge from the extreme conditions affecting the long-term healthcare sector with valuable assets, a strong cash flow, a stable revenue stream from a creditworthy tenant and potential for earnings growth. In 2000, we conquered our principal challenges by reducing and re-scheduling our long-term debt, settling our Medicare billing disputes with the Department of Justice (DOJ) and restructuring the financial profile of our primary tenant, Vencor, Inc. Our success can be measured by aggregate Ventas shareholder wealth, which during the year increased by \$163 million.

Throughout this two-year saga, we have been confronted with two types of issues: those we could control and those outside our purview. We sought to fix *our* structural flaws so that our company and our shareholders would benefit from improvements in *macro* forces — the inevitable recovery in the healthcare industry and the REIT sector, coupled with changes in investment trends — when they occurred.

Our problems are now behind us and we are well positioned to benefit from Vencor’s restructuring as a financially viable company that provides high quality care to its elderly patients. With a creditworthy tenant in place, we can capitalize on changing investor attitudes favoring the REIT and healthcare industries. Investors are gravitating toward the REIT sector as they search for stable cash flow and dividend yield. In the long-term care arena, increased absolute federal and state reimbursement levels and the industry’s



compelling demographic trends have captured investor interest. Finally, healthcare's anti-recessionary characteristics render the sector an attractive investment alternative in difficult economic times. In short, we have entered a new, positive cycle in healthcare.

Without a doubt, issues remain for Ventas. These include a high cost of capital and a lack of diversification in our revenue base. In 2001, we expect to tackle these obstacles — as we have tackled others in the past — with intensity, analytical rigor and creativity. And we will use our new, stable platform to build shareholder value.

### Ventas Achieves a Consensual Restructuring For Vencor

Vencor is poised to successfully emerge from bankruptcy on the terms of a consensual global restructuring conceived by Ventas and Vencor's other major creditors. The key has been lightening Vencor's debt burden by over \$1 billion, which became necessary after enactment of cuts in federal Medicare reimbursement levels mandated by the 1997 Balanced Budget Act and implementation of the Prospective Payment System regulations for nursing homes that became effective in mid-1998.

We were adamant from the outset of the restructuring negotiations that the terms of any lease and debt forgiveness plan be fair and treat Ventas consistent with its status as a landlord and its position in Vencor's capital structure. We agreed to forgive only the amount of rent that would be appropriate measured against the rent an alternative operator of our high quality and desirable facilities would pay. Most importantly, we demanded that our shareholders receive a legitimate opportunity to participate in future benefits when Vencor and the healthcare industry returned to profitability.

Achieving these objectives came neither quickly nor painlessly despite the announcement in September 1999 that Ventas, Vencor and Vencor's creditors had agreed on the terms of a consensual global restructuring of Vencor's balance sheet in connection with Vencor's bankruptcy filing. At that time, Vencor confirmed its intention to file a

plan of reorganization incorporating this restructuring framework expeditiously, with an eye to emerging from bankruptcy in the first quarter of 2000.

But several negative events followed. The holders of Vencor's bank and subordinated debt changed hands and the group became more divided and bellicose. The regulatory environment worsened, as the Health Care Financing Administration (HCFA) published proposed new regulations that seemed to further decrease absolute payment levels to nursing home providers and increase the complexity and expense of compliance with the regulatory framework. At the same time, the DOJ began to signal its impatience with the delays in settling its Medicare claims against Vencor. Finally, the covenant in the Ventas Credit Agreement requiring Vencor to emerge from bankruptcy by December 31, 2000 loomed large.

The spring, summer and fall of 2000 were consumed with complex and difficult multiparty talks among Ventas, Vencor, Vencor's senior banks and its subordinated noteholders, and the DOJ. The environment was tension-filled and our stock dropped to all-time lows as investors feared a collapse in the deal, high-stakes litigation, a Ventas bankruptcy filing, or even all of them.

Instead, the outcome of our negotiations was a final Vencor plan of reorganization filed in December 2000 that we and Vencor's other major creditors supported. The Bankruptcy Court confirmed this plan in March, positioning Vencor to emerge, at last, from bankruptcy in early 2001.

The terms of the plan achieved our goals:

- We reduced our contract rent from Vencor by approximately 20 percent to give us a rental stream of \$180.7 million from 5.1.01 to 4.30.02. **This rent will grow 3.5 percent compounded per annum (over \$6 million per year), giving Ventas a very strong potential Funds From Operation (FFO) growth rate.** The Vencor senior banks reduced their debt by nearly 50 percent (from approximately \$600 million to \$300 million) and the Vencor subordinated noteholders released their entire \$375 million debt claim. In exchange, each of these groups will receive a large portion of the Vencor equity and become its new owners.

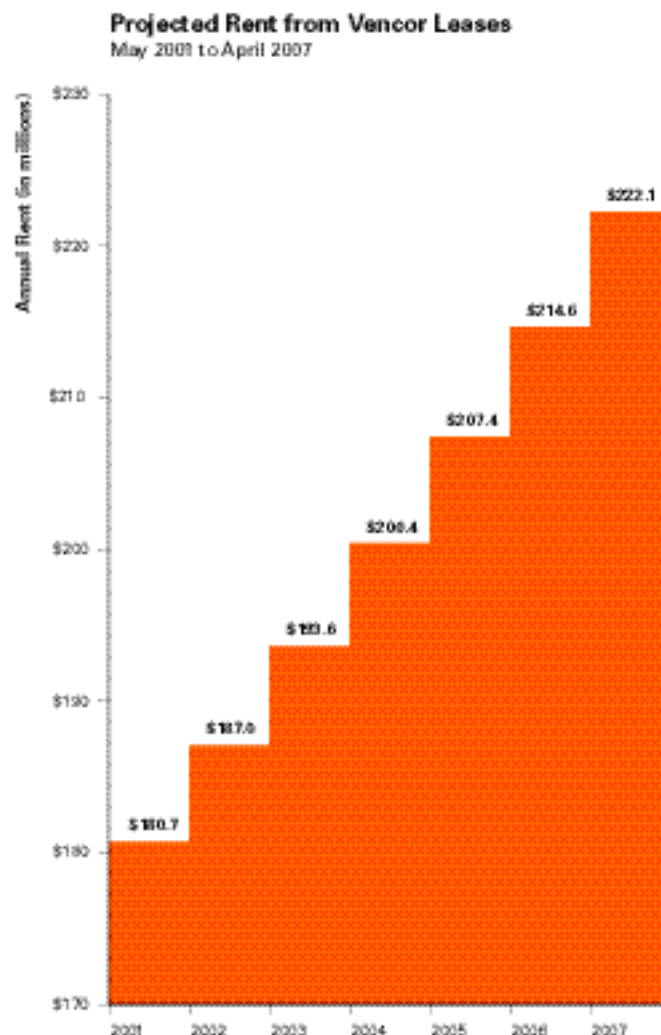
## 1998

### Ventas Events Vencor and Industry Events

| January  | February | March | April | May   | June   |
|--|----------|-------|-------|---|--|
| - Ventas Board votes to split company into healthcare and real estate companies. |          |       |       | - Ventas spin off takes effect.<br><br>- HCFA publishes new Medicare PPS regulations. | - Vencor under investigation by various states for Medicare billing. |

| July  | August | September | October | November  | December   |
|---|--------|-----------|---------|---|--|
| - PPS goes into effect.<br>- Reports Q2 loss of \$1.50/share. |        |           |         | - Douglas Crocker joins Board; Heads Independent Committee.<br><br>- Reveals that DOJ investigating its Medicare billing practices. | - Market value of average public nursing home company falls 53% during year. |

- **Ventas shareholders have the ability to capture Vencor upside in two ways.** First, five years after Vencor emerges from bankruptcy, Ventas has the unilateral, one way right to increase the Vencor rents to a then-market level so that if Vencor's operations at our facilities become highly profitable, Ventas will recoup some of its lease concessions through increased future rents. Second, Ventas received a 9.99 percent equity stake in reorganized Vencor, allowing our shareholders to benefit from reorganized Vencor's current equity valuation and potential market appreciation.
- Vencor will perform and comply with all the agreements and obligations it made in favor of Ventas at the time of the 1998 spin off transaction.
- Ventas will receive a release from all Medicare claims and all threatened lawsuits that challenged the 1998 spin off transaction.
- Ventas and Vencor have deposited sizable tax refunds in an escrow account that will be used to satisfy potential tax liabilities, if any, of either company pending the outcome of a routine IRS audit of both companies for 1997 and 1998. Amounts left over will be split equally between the two companies.



**Government Settlement**

During 2000, we also resolved our disputes with the DOJ that will formally and finally close the door on any potential Medicare liability for Ventas. Ventas received, in the Vencor plan of reorganization, an extremely broad release from all Medicare billing disputes, investigations and claims arising from the Company's previous participation in various federal healthcare benefit programs. This settlement further requires the dismissal of all of the "whistleblower" lawsuits that were filed against the company and joined in by the DOJ.

In exchange for this extraordinary and important outcome, we have agreed to pay \$104 million to the DOJ, with \$34 million payable at the effective date of the Vencor plan of reorganization and \$70 million more over five years at 6 percent interest. Vencor will also receive a "fresh start clean slate" release for Medicare billing matters under its bankruptcy plan for a \$26 million payment to the government.

**Ventas' Long-Term Debt**

In early 2000, we successfully restructured \$1 billion of our own debt on a long-term basis with staggered maturities through 2007 and the earliest bullet amortization payment due in December 2002. We are proud to have done so without diluting your equity value by selling assets, obtaining high-priced equity or engaging in other shareholder dilutive transactions.

To accomplish this restructuring, we gave our lenders collateral, a higher interest rate and fees and meaningful principal paydowns. They gave us what we needed — time.

Finally, in late 2000, our lenders amended our Credit Agreement so that its covenant schedule would correlate with Vencor's planned emergence from bankruptcy.

**Meeting Expectations**

The work we have completed underscores our commitment to enhancing shareholder value and the importance we place on our credibility. In 2000 I believe we delivered.

**1999**

**Ventas Events**  
Vencor and Industry Events

| January   | February   | March  | April   | May  | June  |
|---|--|--|---|--|---|
| <ul style="list-style-type: none"> <li>- Edward L. Kuntz named CEO and Chairman.</li> <li>- Forecasts substantial loss for 1998.</li> </ul> | <ul style="list-style-type: none"> <li>- CBO forecasts Medicare cuts to be twice as big as projected.</li> <li>- Stock plummets on Vencor bankruptcy rumors.</li> <li>- Seeks rent concessions from Ventas.</li> <li>- Receives "going concern" statement from auditors.</li> <li>- Defaults on senior bank credit agreement; receives waiver through May 28.</li> </ul> | <ul style="list-style-type: none"> <li>- Debra A. Cafaro named President, CEO.</li> <li>- Vencor bankruptcy rumors cause Ventas stock to plummet.</li> <li>- Receives "going concern" opinion from auditors.</li> <li>- Ventas to fight Vencor claim that companies should be recombined.</li> <li>- Ventas rejects request for rent concessions.</li> </ul> | <ul style="list-style-type: none"> <li>- Stock price sinks to new low of \$3.31.</li> <li>- Receives April rent of \$18.8 million in scheduled payments.</li> <li>- Posts 1998 loss of \$651.1 million.</li> <li>- HCFA demands \$90 million in Medicare overpayments in 5 days, threatens decertification; Vencor negotiates five year pay back schedule.</li> </ul> | <ul style="list-style-type: none"> <li>- First annual meeting; Cafaro discredits idea of recombination with Vencor.</li> <li>- Defers dividend.</li> <li>- Receives May rent of \$18.8 million in scheduled payments.</li> <li>- Misses interest payment to subordinated noteholders.</li> <li>- Government joins whistleblower case against company in Medicare billing dispute.</li> </ul> | <ul style="list-style-type: none"> <li>- Receives June rent of \$18.8 million in scheduled payments.</li> <li>- NYSE delists Vencor.</li> </ul> |

| July  | August  | September  | October   | November   | December   |
|---|---|--|---|--|--|
| <ul style="list-style-type: none"> <li>- Receives July rent of \$18.8 million in scheduled payments.</li> <li>- Defers dividend.</li> </ul> | <ul style="list-style-type: none"> <li>- Stock closes month at \$3.81.</li> <li>- Defaults on August rent.</li> </ul> | <ul style="list-style-type: none"> <li>- Terms of non-binding consensual global restructuring pact announced.</li> <li>- Rent payments to continue during bankruptcy proceedings.</li> <li>- Stock jumps 27%.</li> <li>- Files for Chapter 11 bankruptcy.</li> <li>- Agrees to pay rent to Ventas during bankruptcy proceedings.</li> <li>- Stops paying interest to banks.</li> </ul> | <ul style="list-style-type: none"> <li>- Faces deadlines for repayment of \$1 billion bank loan.</li> <li>- Sun Healthcare Group files for Chapter 11.</li> </ul> | <ul style="list-style-type: none"> <li>- Deal for restructuring \$1 billion of long-term debt announced.</li> <li>- Defers dividend.</li> <li>- President signs Balanced Budget Relief Act, returning \$2.7 billion in additional Medicare reimbursements to nursing home industry in fiscal 2001 and 2002.</li> </ul> | <ul style="list-style-type: none"> <li>- Cash balances and reserves reach \$140 million.</li> <li>- Receives first extension until 3:13.00 for exclusive right to propose restructuring plan.</li> <li>- Total market capitalization for long-term healthcare companies plummets to \$3.6 billion at end of 1999 vs. \$18.9 billion in late 1997.</li> </ul> |

Throughout the past two years we consistently stated that we intended to become a real estate investment trust. We followed through and elected REIT status for 1999 when we filed our tax return in 2000. Then, we paid REIT dividends to our shareholders totaling \$62 million for those years.

We made the commitment to you that we would de-lever our balance sheet and we have accomplished that goal. We have paid our lenders almost \$90 million, reducing our long-term bank debt balance to \$887 million at the end of 2000. At the end of the first quarter of 2001, we will pay down an additional \$35 million in principal, leaving us with a bank debt balance of \$852 million. Not only have we significantly cut our debt, we did it without selling material assets.

We promised we would do everything possible to stay strong and flexible during Vencor's restructuring and we did. When Vencor filed for bankruptcy, we required Vencor to continue to pay us rent throughout the proceedings. I cannot emphasize enough the importance of this strategy. Because of our rent agreement, we were able to amass and maintain sizable cash reserves. This liquidity empowered us to confront our negotiations with confidence despite enormous pressures, meet all obligations to our own creditors on a timely basis, have "currency" to offer our lenders in exchange for the benefits we asked of them, facilitate a flexible and favorable settlement structure with the DOJ and, significantly, fund our dividend distributions to you.

We also agreed to run a lean operation from a management point of view, yet avail ourselves of the resources necessary to optimize the outcome for our shareholders. To this end, we assembled and benefited from an A-team of advisors and strengthened our internal management group with the additions during the year of Brian K. Wood as Vice President, Tax, and Mary L. Smith, as Chief Accounting Officer and Controller.

We could not have attained so much under such difficult circumstances in 2000 without the dedication of the indefatigable members of the Ventas team. I particularly want to recognize T. Richard Riney and John C. Thompson for their commitment, their astonishing productivity and their contributions. The work was hard, but along the way we had fun.

## 2000

### Ventas Events

Vencor and Industry Events

| January  | February   | March  | April   | May   | June   |
|--|--|--|---|---|--|
| <ul style="list-style-type: none"> <li>- Closes with all lenders on \$1 billion amended long-term credit facility.</li> <li>- Reduces debt balance by \$50 million.</li> <li>- Mariner Post-Acute Network files Chapter 11.</li> </ul> | <ul style="list-style-type: none"> <li>- Defers dividend.</li> <li>- Integrated Health Services files for Chapter 11.</li> </ul> | <ul style="list-style-type: none"> <li>- Vencor demands more rent concessions.</li> <li>- Stock falls to new low of \$2.81.</li> <li>- DOJ files \$1.3 billion proof of claim against Vencor related to Medicare billing practices.</li> <li>- Receives second extension from Bankruptcy Court.</li> </ul> | <ul style="list-style-type: none"> <li>- Initial Medicare relief (BBRA) scheduled to start 4.1.00.</li> </ul> | <ul style="list-style-type: none"> <li>- Negotiations intensify; resists new pressure from Vencor banks.</li> <li>- Files \$4 billion proof of claim against Vencor.</li> <li>- Defers dividend.</li> <li>- Brian K. Wood joins as Vice President, Tax.</li> <li>- Receives third extension from Bankruptcy Court.</li> </ul> | <ul style="list-style-type: none"> <li>- Claims that Ventas is lone holdout on restructuring agreement.</li> <li>- Threatens to sue to unwind spin off transaction.</li> <li>- Receives \$90 million bank loan for litigation financing.</li> <li>- Genesis Health Ventures files for Chapter 11.</li> </ul> |

## Moving Forward

If 2000 was the year for fixing, then 2001 is the year for moving forward.

We believe we are at the leading edge of a nascent recovery in the long-term care sector as well as a return to profitability for Vencor. In 2001, Vencor and the entire nursing home sector will benefit from the two bills passed by Congress to increase Medicare reimbursement levels to long-term care providers.

Ventas benefits from a strong and creditworthy Vencor. Over the past 18 months, Vencor has demonstrated that it can prosper from the combination of less debt and increased Medicare reimbursement levels, produce stable and predictable operating results, and implement expense controls at its skilled nursing facilities. Its management is seasoned, focused and incentivized to further improve performance. Operating under its new name of Kindred Healthcare, our tenant is ready to thrive.

Now we can focus on our future and we are in excellent shape to build on our strengths.

Our core assets are a high quality, geographically diversified portfolio of 216 skilled nursing facilities, 44 hospitals and 8 personal care facilities located in 36 states. These skilled nursing facilities serve an elderly population of over 28,000. Our hospitals are licensed for approximately 4,000 patients.

Our new leases, with their rent escalators, will produce industry-leading FFO growth of over \$6 million each year. Moreover, each of our facilities, standing alone, is expected to be highly profitable for the operator. These very positive cash flow-to-rent coverages at our properties are real — and are expected to grow — with scheduled increases in Medicare and Medicaid reimbursement levels. Importantly, they make our facilities more valuable and easier to sell, trade and refinance.

The "reset right" contained in our leases and our equity stake in reorganized Vencor provide meaningful upside value to our shareholders. Finally, our assets are insulated from some overbuilding risk, because two-thirds of our revenues are derived from states with regulatory or legal barriers to entry that will limit new supply of skilled nursing facilities and hospitals.

| July   | August   | September  | October | November | December   |
|--|--|--|---------|----------|--|
| <ul style="list-style-type: none"> <li>- Mary L. Smith joins as Chief Accounting Officer and Controller.</li> <li>- Receives fourth extension from Bankruptcy Court.</li> <li>- HCFA delays until FY2002 implementation of RUGs refinement.</li> </ul> | <ul style="list-style-type: none"> <li>- Maintains cash balances and reserves of \$116 million.</li> <li>- Receives fifth extension from Bankruptcy Court.</li> <li>- Reaches "Corporate Integrity Agreement" with HHS.</li> </ul> | <ul style="list-style-type: none"> <li>- Ventas objects to Vencor Plan of Reorganization.</li> <li>- Declares 1999 dividend of \$0.62 a share.</li> <li>- Elects REIT status.</li> <li>- Defers 2000 Q3 dividend.</li> <li>- Files preliminary reorganization plan with Bankruptcy Court.</li> </ul> |         |          | <ul style="list-style-type: none"> <li>- Ventas reaches agreement with Vencor on Final Amended Plan of Reorganization.</li> <li>- Amended Plan settles Medicare claims and whistleblower lawsuits.</li> <li>- Declares 2000 dividend of \$0.29 a share.</li> <li>- Receives extension from banks on Amended Credit Agreement.</li> <li>- Absolute debt reduction will total nearly \$122 million by 3.31.01.</li> <li>- Stock rebounds, closes year at \$5.63.</li> <li>- Files Final Amended Plan with Bankruptcy Court.</li> <li>- March 1 set as confirmation hearing date.</li> <li>- Mails disclosure materials to creditors for vote.</li> <li>- Congress passes Medicare and Medicaid Benefits Improvement and Protection Act of 2000 (BIPA), giving nursing homes an additional \$2 to \$2.5 billion.</li> </ul> |

Our principal objectives in 2001 are to further amortize our debt and reduce our cost of debt, which will produce important benefits. Absolute de-levering from cash flow will strengthen our balance sheet, improve our credit profile and make us more attractive to investors. Reducing the cost of our debt through refinancing will increase FFO and cash flow. We intend to use a combination of free cash flow and incremental refinancing to manage our minimal debt maturity due in December 2002.

Once we repay our lenders nearly \$80 million from refinancings or cash flow, we will have the option to pay up to 80 percent of our annual FFO to our shareholders as a dividend. When that decision is in our hands, we intend to consider the relative benefits of devoting cash flow to debt repayment or increased dividend distributions. I look forward to weighing the merits of this decision because both outcomes are positive for our shareholders.

We also intend to actively explore diversification opportunities — at the appropriate time and on acceptable terms — to reduce our reliance on Vencor as a sole revenue source. If we can identify and consummate a transaction that will increase our tenant diversification and create long-term shareholder value, we will pursue it.

In 2001, we will continue to demonstrate our commitment to sound, prudent and independent governance by building on our strong existing Board of Directors, which has guided the company magnificently and steadily through the trials of the last few years. We are fortunate that Sheli Rosenberg has joined our Board; we welcome her and the judgment, experience and stature that she brings to Ventas.

As we confront new challenges and seize new opportunities in 2001, you can expect us to display the same intensity, energy, focus and discipline that have animated our activities through these past two years. Now that Ventas is “fixed,” we intend to move it forward, always and only toward the goal of increasing the long-term value of your investment.

Sincerely,



Debra A. Cafaro  
President and CEO

March 2001



# '01

Fixed.  
Forward.

- Amortize debt.
- Refinance debt and reduce cost of capital.
- Increase Funds From Operation.
- Increase dividend.
- Explore diversification opportunities.
- Broaden shareholder base among REIT and healthcare investors.
- Maximize value of Vencor equity for Ventas shareholders.
- Strengthen balance sheet.
- Expand Board of Directors.
- Increase shareholder value.

## Real estate investment trusts enjoyed a remarkable resurgence in 2000, achieving their best performance since 1996.

According to the National Association of Real Estate Investment Trusts<sup>®</sup>, the NAREIT<sup>®</sup> Composite REIT index posted a total return of 25.9 percent in 2000 compared with a decline of 6.48 percent in the previous year. The 2000 performance of REITs was especially notable in comparison to the other major market indexes, most of which substantially underperformed the NAREIT<sup>®</sup> Index. In fact, these indexes closed the year in negative territory: NASDAQ declined 39.29 percent, the bellwether S&P 500

dropped 9.1 percent and the Dow Jones Industrial Average fell 6.18 percent in 2000, following several years of double digit increases.

These results indicate that, not only did technology and telecommunications issues lose favor last year, but so did the large capitalization, growth-oriented stocks. As Sam Zell presciently observed in a *Barron's* interview last year — before the NASDAQ bubble burst — “...after every speculative boom, the investment world returns to islands of stability. And I think that’s what the real estate market represents.”



The Ventas management team (from left to right):  
**Debra A. Cafaro**,  
 President and Chief Executive Officer;  
**John C. Thompson**,  
 Vice President;  
**T. Richard Riney**,  
 Executive Vice President, General Counsel and Secretary

While the cause of this dramatic reversal is subject to debate, the effect is not: investors began to seek out defensive, income producing equities like REITs. The discipline of value investing returned. Current yield, stable cash flow, and tangible assets — like real estate — looked attractive again.

Even the heavily bruised healthcare REIT sector enjoyed positive returns in 2000, following a 1999 marked by major Medicare reimbursement cuts that devastated the long-term healthcare industry and plunged many operators — such as our tenant Vencor — into bankruptcy. The NAREIT® healthcare sector index increased 16.3 percent last year after a decline of 28.7 percent in 1999.

With the completion of the Vencor restructuring in sight, Ventas was the third best performing REIT in the NAREIT® Index and the best performing healthcare REIT in the country in 2000.

#### Healthcare Turnaround

This turnaround in healthcare REITs is a direct reflection of the turnaround in the performance and prospects for the long-term care providers who lease and operate the facilities owned by REITs. The improved outlook for the long-term care operators has two primary explanations. First, the quality providers of long-term care, such as Vencor, at last have managed through the wrenching transition brought on by the 1998 implementation of the PPS regulations, so that operations stabilized. More importantly, Congress passed two critical bills that increase Medicare per diem reimbursement rates to the providers of long-term care. The Balanced Budget Reconciliation Act (BBRA) and the Medicare Benefits and Improvement and Protection Act (BIPA) should provide a catalyst for improved performance and credit profiles of these operators. Notably, the Medicare rate increases mandated by BIPA will become effective April 1, 2001, so that we can expect further earnings visibility this year.

Without question, then, healthcare is emerging from a period of catastrophe and moving into one of cautious stability and perhaps even optimism. This change in outlook is evident from the performance of certain publicly traded nursing home companies that escaped Chapter 11 filings. The market capitalizations for the two major, solvent long-term care providers has tripled since summer 2000, reflecting the positive impact of solidifying operations and increased reimbursement levels.

Moreover, healthcare is not correlated with other areas of the overall economy and functions independent of recessionary forces. Individuals need healthcare services regardless of economic trends, and government-mandated pricing is not tied instantly to supply and demand factors. Therefore, healthcare presents a relative growth opportunity, particularly when compared to other, slowing sectors of the economy.

In sum, the combination of healthcare operators' improved operating performance, increased reimbursement levels and sector performance that is independent of recessionary forces will likely make healthcare an attractive investment alternative in the foreseeable future.

Balancing this picture are two serious pressures that weigh on long-term care providers: wage and benefit expense and liability costs. Low unemployment levels in the U.S. have meaningfully increased labor costs, which represent approximately 60 percent of total operating expenses for nursing home companies. And large national operators of nursing facilities are victims of huge liability costs brought on by abusive plaintiffs' lawyers in several important states. Some public operators have seen year-over-year increases in liability accruals skyrocket by 400 percent, which can be devastating in a lower margin business. Tort reforms to place skilled nursing facility operators on the same legal footing with other healthcare providers is under consideration and would, if passed, ameliorate this significant concern.



An aging population and longer life expectancies, significant barriers to entry and capital constraints on new supply combine to create a compelling story favoring the outlook for our healthcare real estate assets.



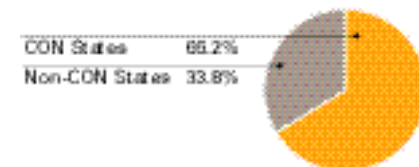
**Valuable Healthcare Real Estate**

An aging population and longer life expectancies, significant barriers to entry and capital constraints on new supply combine to create a compelling story favoring the outlook for our healthcare real estate assets.

According to the American Health Care Association, 25 percent of Americans over the age of 85 require a skilled nursing facility during their lives, compared with 6 percent of those who are between the ages of 75 and 84. The over-85 population is the fastest growing segment of our society. It is predicted to increase by 33 percent, to 5.7 million people, by 2010, compared to overall population growth of 8.4 percent. Yet, the 1.8 million nursing home beds currently in service are expected to remain relatively static because financing sources are limited and regulatory barriers to entry make construction of new facilities costly and difficult.

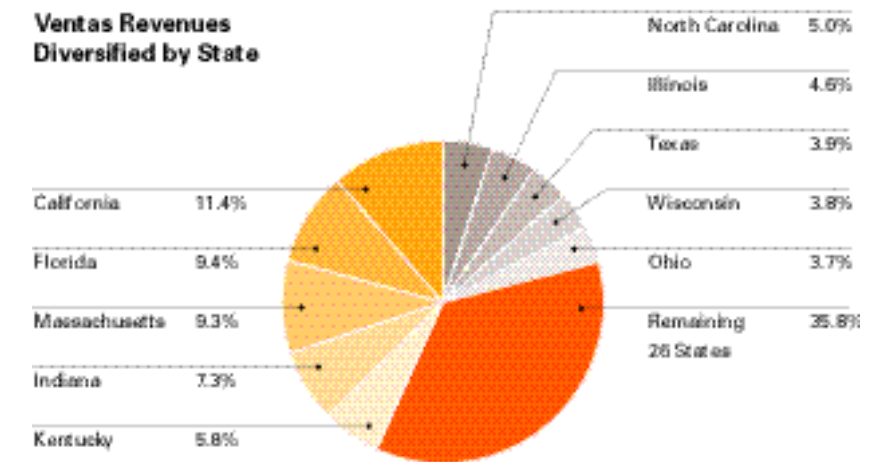
These barriers to entry include the requirement in many states that new or expanded nursing facilities or hospitals obtain a Certificate of Need (CON) before construction can commence. If there are sufficient beds to serve the needs of the elderly population in a jurisdiction, this regulatory process will control potential oversupply. The Ventas portfolio is particularly well positioned in this regard because approximately two-thirds of the Company's lease revenues are derived from states that impose Certificate of Need requirements.

**Two-Thirds of Ventas Revenues Come from States Requiring a Certificate of Need**



Additionally, Ventas' high quality real estate assets are well diversified on a regional and state-by-state basis. The revenue base derives from 36 states, with no one or two states representing a dominant revenue source. California tops the list at 11.4 percent, with no other state contributing more than 10 percent of revenues and most contributing substantially less. This diversification is critical because it limits the impact that changes in any one state's Medicaid regulations, reimbursement policies or other legislative activity can have on our source of lease revenue or our facilities.

**Ventas Revenues Diversified by State**

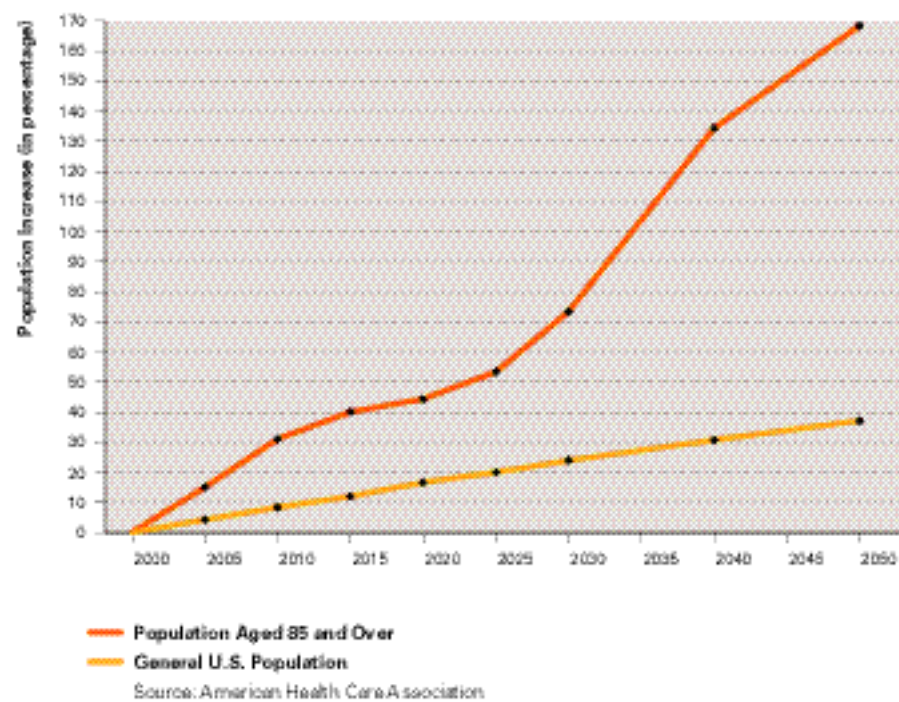


With a supportive environment, and interest in REITs and healthcare growing, we are confident that 2001 will prove to be another strong year for your company.

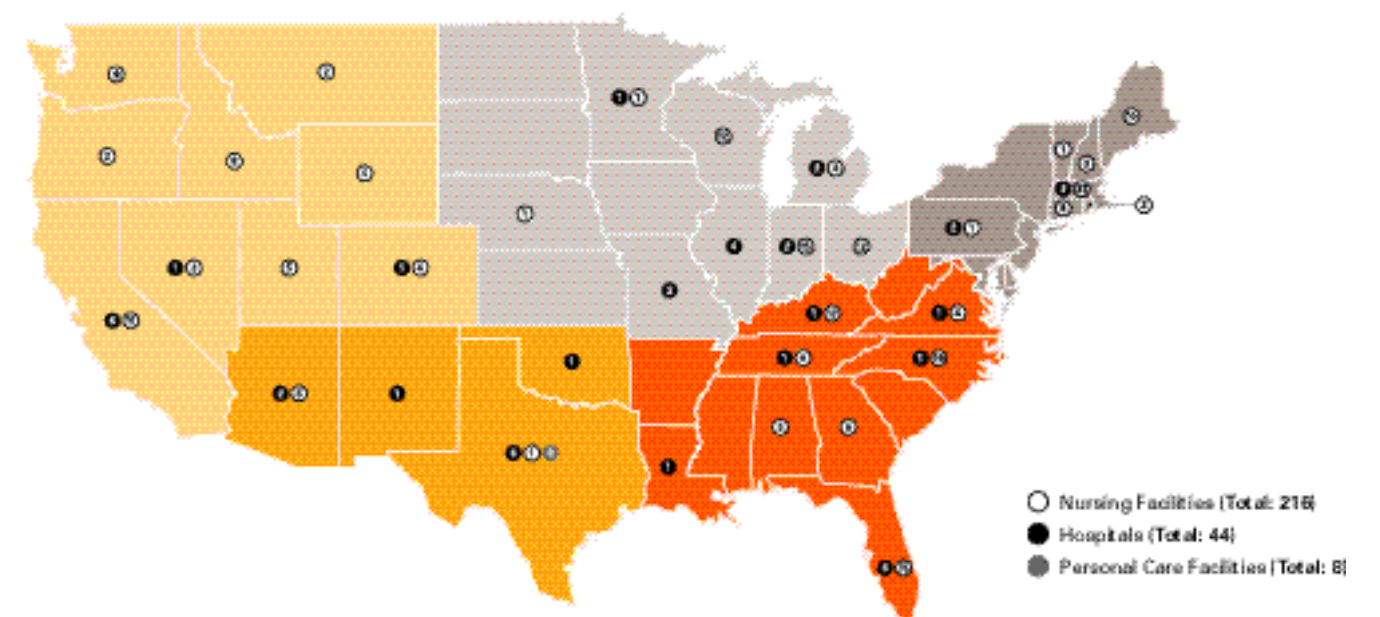
**Sources of Ventas Revenue**



**America's Fastest Growing Age Group is 85 and Over**



**Distribution of Ventas Properties**



**Ventas Board of Directors**

Walter F. Beran (74)  
 Debra A. Cafaro (43)  
 Douglas Crocker, II (60)  
 Ronald G. Geary (53)  
 W. Bruce Lunsford (53)  
*Chairman of the Board*  
 Sheli Z. Rosenberg (59)

**Ventas Senior Management**

Debra A. Cafaro  
*President and Chief Executive Officer*

T. Richard Riney  
*Executive Vice President,  
 General Counsel and Secretary*

John C. Thompson  
*Vice President*

Brian K. Wood  
*Vice President, Tax*

Mary L. Smith  
*Chief Accounting Officer and Controller*

**Corporate Headquarters**

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

**Annual Meeting**

The Annual Meeting of Stockholders will convene at 11:00 am EDT on May 15, 2001 at The Olmsted, 3701 Frankfort Avenue, in Louisville, Kentucky.

**Stock Information**

Ventas, Inc. is traded on the NYSE under the ticker symbol "VTR." As of December 31, 2000, Ventas had 68,435,947 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



Ventas, Inc.

4360 Brownsboro Road

Suite 115

Louisville, KY 40207-1642

502.357.9000