Ventas Reports 2002 Second Quarter Normalized FFO of $0.33 Per Share; FFO Per Share Increases 22% Over Second Quarter 2001; Issues 2003 Guidance

July 23, 2002

LOUISVILLE, Ky., Jul 23, 2002 (BUSINESS WIRE) -- Ventas, Inc. (NYSE:VTR) ("Ventas" or the "Company") announced today that normalized Funds From Operations ("FFO") for the second quarter of 2002 totaled $23.0 million or $0.33 per diluted share. FFO for the comparable period in 2001 totaled $18.6 million or $0.27 per diluted share. First quarter 2002 FFO was $22.1 million or $0.32 per diluted share.

Net income for the second quarter ended June 30, 2002 was $26.5 million or $0.38 per diluted share after an extraordinary loss of $6.9 million, or $0.10 per diluted share, related to the extinguishment of debt. Net income for the three months ended June 30, 2001 was $8.1 million or $0.12 per diluted share. First quarter 2002 net income was $12.7 million or $0.18 per diluted share.

Normalized FFO for the first six months of 2002 was $45.0 million or $0.64 per diluted share, compared with $39.6 million or $0.57 per diluted share in the comparable 2001 period. Net income for the six months ended June 30, 2002 was $39.2 million or $0.56 per diluted share after an extraordinary loss of $6.9 million, or $0.10 per diluted share, related to the extinguishment of debt, versus $18.7 million or $0.27 per diluted share for the same period in the prior year.

"We made great progress in the first half of 2002," President and CEO Debra A. Cafaro said. "Our FFO this quarter is up by more than 20 percent over the comparable 2001 period and our cash flow growth is dramatic as the result of our successful refinancing, our rent escalators and our declining debt balances."

SECOND QUARTER HIGHLIGHTS AND OTHER RECENT DEVELOPMENTS

Recent highlights include:

- On June 20, 2002, Ventas completed the sale of its 164-bed hospital in Arlington, Virginia to HCA Corporation for $27.5 million, yielding a $22.4 million gain.
- Through July 1, 2002, Ventas sold 140,000 shares of common stock in its principal tenant, Kindred Healthcare, Inc. (NASDAQ:KIND)("Kindred"), generating proceeds of approximately $6.2 million. The average per share sale price was over $44.
- The 253 skilled nursing facilities and hospitals leased to Kindred produced EBITDAR to rent coverage of 1.9x for the twelve month period ended March 31, 2002 (excluding the Arlington Hospital).
- On May 1, 2002, the rent escalator on the Kindred Master Leases took effect, increasing annual rent by $6 million to $186 million (excluding the Arlington Hospital).
- During the second quarter, Ventas completed the refinancing of its balance sheet with the private placement of $400 million of Senior Notes. Additionally, the Company closed its new $350 million secured credit facility.
- The Company reduced its outstanding debt balances to $807 million at June 30, 2002.
- Ventas's $750 million Universal Shelf Registration became effective in July 2002. This will give the Company efficient access to the capital markets as it implements its diversification strategy.
- Morgan Stanley added Ventas to its benchmark REIT index (RMS), effective July 19, 2002.

SECOND QUARTER RESULTS

Rental income for the quarter ended June 30, 2002 was $47.1 million, of which $46.6 million resulted from leases with Kindred. Expenses for the quarter ended June 30, 2002 totaled $40.7 million and included $10.4 million of depreciation expenses; $19.1 million of interest expense on debt financing; and $1.4 million of interest expense on the Company's settlement with the Department of Justice. In addition, the Company reported a one-time $5.4 million net loss on the $350 million swap breakage incurred in connection with the Company's debt refinancing. Professional fees for the quarter ended June 30, 2002 totaled $0.9 million.

During the quarter, the Company reclassified to discontinued operations the results of operations specifically related to assets sold or held for sale on or after January 1, 2002, including the Arlington Hospital. This reclassification, which is required under the newly effective FAS 144, affects the

presentation of results for the current and prior periods but does not impact the Company's net income or FFO.

SIX MONTH RESULTS

Rental income for the six months ended June 30, 2002 was $93.2 million, of which $92.1 million resulted from leases with Kindred.

Expenses for the six months ended June 30, 2002 totaled $75.7 million, and included $20.8 million of depreciation on real estate assets, $38.9 million of interest expense and $2.9 million of interest on the United States settlement. In addition, the Company reported a one-time $5.4 million net loss on the $350 million swap breakage incurred in connection with the Company's debt refinancing. Professional fees totaled $1.5 million.

FFO AND DIVIDEND GUIDANCE

The Company reaffirms its 2002 normalized FFO guidance of $1.28 to $1.30 per diluted share as previously announced. The Company expects to report normalized FFO of $1.43 to $1.45 per diluted share in 2003, excluding gains and losses and the impact of capital transactions. The Company expects to maintain an FFO payout ratio of 73% to 75%, which should result in a 2003 dividend of $1.05 to $1.07 per share. The Company's dividend policy and payment remain subject to approval by the Company's Board of Directors. The Company may from time to time update its publicly announced FFO and dividend guidance, but it is not obligated to do so.

ASSUMPTIONS

The Company's FFO and dividend guidance are based on a number of assumptions, which are subject to change and many of which are outside the control of the Company. If any of these assumptions vary, the Company's results may change. There can be no assurance that the Company will achieve these results.

SECOND QUARTER CONFERENCE CALL

Ventas Inc. will hold a conference call to discuss this earnings release today, July 23, at 10:00 a.m. Eastern Time (9:00 a.m. Central Time). The conference call is being web cast by CCBN and can be accessed at the Ventas web site at www.ventasreit.com or www.companyboardroom.com. An online replay of the web cast will be available at approximately 12:00 p.m. Eastern Time and will be archived for thirty (30) days.

Ventas, Inc. is a healthcare real estate investment trust whose properties include 43 hospitals, 215 nursing facilities and eight personal care facilities in 36 states. More information about Ventas can be found on its website at www.ventasreit.com.

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements regarding Ventas, Inc.'s ("Ventas" or the "Company") and its subsidiaries' expected future financial position, results of operations, cash flows, funds from operations, dividends and dividend plans, financing plans, business strategy, budgets, projected costs, capital expenditures, competitive positions, growth opportunities, expected lease income, continued qualification as a real estate investment trust ("REIT"), plans and objectives of management for future operations and statements that include words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions are forward-looking statements. Such forward-looking statements are inherently uncertain, and stockholders must recognize that actual results may differ from the Company's expectations. The Company does not undertake a duty to update such forward-looking statements.

Actual future results and trends for the Company may differ materially depending on a variety of factors discussed in the Company's filings with the Securities and Exchange Commission (the "Commission"). Factors that may affect the plans or results of the Company include, without limitation, (a) the ability and willingness of Kindred Healthcare, Inc. ("Kindred") and certain of its affiliates to continue to meet and/or perform their obligations under their contractual arrangements with the Company and the Company's subsidiaries, including without limitation the lease agreements and various agreements (the "Spin Agreements") entered into by the Company and Kindred at the time of the Company's spin-off of Kindred on May 1, 1998 (the "1998 Spin Off"), as such agreements may have been amended and restated in connection with Kindred's emergence from bankruptcy on April 20, 2001, (b) the ability and willingness of Kindred to continue to meet and/or perform its obligation to indemnify and defend the Company for all litigation and other claims relating to the healthcare operations and other assets and liabilities transferred to Kindred in the 1998 Spin Off, (c) the ability of Kindred and the Company's other operators to maintain the financial strength and liquidity necessary to satisfy their respective obligations and duties under the leases and other agreements with the Company, and their existing credit agreements, (d) the Company's success in implementing its business strategy, (e) the nature and extent of future competition, (f) the extent of future healthcare reform and regulation, including cost containment measures and changes in reimbursement policies and procedures, (g) increases in the cost of borrowing for the Company, (h) the ability of the Company's operators to deliver high quality care and to attract patients, (i) the results of litigation affecting the Company, (j) changes in general economic conditions and/or economic conditions in the markets in which the Company may, from time to time, compete, (k) the ability of the Company to pay down, refinance, restructure, and/or extend its indebtedness as it becomes due, (l) the movement of interest rates and the resulting impact on the value of the Company's interest rate swap agreements and the ability of the Company to satisfy its obligation to post cash collateral if required to do so under one of these interest rate swap agreements, (m) the ability and willingness of Atria, Inc. ("Atria") to continue to meet and honor its contractual arrangements with the Company and Ventas Realty, Limited Partnership entered into in connection with the Company's spin-off of its assisted living operations and related assets and liabilities to Atria in August 1996, (n) the ability and willingness of the Company to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations, including without limitation, the risk that the Company may fail to qualify as a REIT due to its ownership of common stock in Kindred, (o) the outcome of the audit being conducted by the Internal Revenue Service for the Company's tax years ended December 31, 1997 and 1998, (p) final determination of the Company's taxable net income for the year ended December 31, 2001, (q) the ability and willingness of the Company's tenants to renew their leases with the Company upon expiration of the leases and the Company's ability to relet its properties on the same or better terms in the event such leases expire and are not renewed by the existing tenants and (r) the value of the Company's common stock in Kindred and the limitations on the ability of the Company to sell, transfer or otherwise dispose of

its common stock in Kindred arising out of the securities laws and the registration rights agreement the Company entered into with Kindred and certain of the holders of the common stock in Kindred. Many of such factors are beyond the control of the Company and its management.

VENTAS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
Assets		
Real estate investments:		
Land	$ 116,625	$ 119,771
Building and improvements	1,051,781	1,056,067
	1,168,406	1,175,838
Accumulated depreciation	(388,066)	(369,502)
Total real estate investments	780,340	806,336
Cash and cash equivalents	3,336	18,596
Restricted cash	19,684	20,773
Deferred financing costs, net	20,732	14,153
Investment in Kindred Healthcare, Inc. common stock	42,727	55,118
Kindred Healthcare, Inc. common stock reserved for distribution	--	17,086
Notes receivable from employees	4,170	3,635
Other	9,880	6,162
Total assets	$ 880,869	$ 941,859
Liabilities and stockholders' equity		
Liabilities:		
Notes payable and other debt	$ 807,663	$ 848,368
United States Settlement	52,164	54,747
Deferred revenue	19,653	21,027
Interest rate swap agreements	21,810	27,430
Accrued dividend	--	17,910
Accounts payable and other accrued liabilities	30,049	18,154
Other liabilities--disputed federal, state and local tax refunds	14,511	14,903
Deferred income taxes	30,394	30,394
Total liabilities	976,244	1,032,933
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, unissued	--	--
Common stock	18,402	18,402
Capital in excess of par value	119,040	122,468
Unearned compensation on restricted stock	(1,348)	(1,000)
Accumulated other comprehensive income	23,604	36,174
Retained earnings (deficit)	(127,731)	(134,088)
	31,967	41,956
Treasury stock	(127,342)	(133,030)
Total stockholders' equity (deficit)	(95,375)	(91,074)

Total liabilities and stockholders' equity	$880,869	$ 941,859

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues:				
Rental income	$47,101	$45,660	$93,154	$90,563
Interest and other income	323	1,062	665	2,568
Gain on sale of Kindred Common Stock	3,822	--	3,822	--
	51,246	46,722	97,641	93,131
Expenses:				
General and administrative	2,601	2,593	4,912	5,142
Professional fees	936	1,097	1,501	2,896
Amortization of restricted stock grants	715	439	1,137	842
Depreciation	10,390	10,420	20,772	20,832
Net loss on swap breakage	5,407	--	5,407	--
Swap effectiveness	180	--	180	--
Interest	19,079	21,957	38,939	43,078
Interest on United States Settlement	1,402	1,448	2,873	1,448
Total expenses	40,710	37,954	75,721	74,238
Income before income taxes, discontinued operations and extraordinary loss	10,536	8,768	21,920	18,893
Provision for income taxes	--	1,184	--	1,804
Income before discontinued operations and extraordinary loss	10,536	7,584	21,920	17,089
Discontinued operations (including gain on sale of asset)	22,851	521	24,168	1,595
Income before extraordinary loss	33,387	8,105	46,088	18,684
Extraordinary loss on extinguishment of debt	(6,919)	--	(6,919)	--

Net income	$26,468	$ 8,105	$39,169	$18,684
Earnings Per Share:				
Basic:				
Income before discontinued operations and extraordinary loss	$ 0.15	$ 0.11	$ 0.32	$ 0.25
Net income	$ 0.38	$ 0.12	$ 0.57	$ 0.27
Diluted:				
Income before discontinued operations and extraordinary loss	$ 0.15	$ 0.11	$ 0.31	$ 0.25
Net income	$ 0.38	$ 0.12	$ 0.56	$ 0.27
Shares used in computing earnings per common share:				
Basic	68,850	68,409	68,792	68,316
Diluted	70,002	69,307	69,941	69,090
Dividend declared and paid per common share	$0.2375	$ 0.22	$ 0.475	$ 0.22

VENTAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended	
	June 30, 2002	June 30, 2001
Cash flows from operating activities:		
Net income	$ 39,169	$ 18,684
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including discontinued operations)	20,918	21,005
Amortization of deferred financing costs	1,642	1,222
Amortization of restricted stock grants	1,137	842
Normalized rents	(96)	7
Extraordinary loss on extinguishment of debt	6,919	--
Gain on sale of assets ($23.5 million included in discontinued operations)	(27,272)	--
Amortization of deferred revenue	(1,374)	(418)
Net loss on swap breakage	5,407	--
Other	74	--
Changes in operating assets and liabilities:		
Decrease in restricted cash	1,089	12,530
Increase and other assets	(5,188)	(1,452)
Increase (decrease) in accounts payable and accrued and other liabilities	14,038	(8,967)
Net cash provided by operating activities	56,463	43,453
Cash flows from investing activities:		
Proceeds from sale of real estate	28,620	--

Proceeds from sale of Kindred common stock	5,273	--
Purchase of furniture and equipment	(135)	(169)
Increase in notes receivable from employees	(535)	(121)
Net cash provided by (used in) investing activities	33,223	(290)
Cash flows from financing activities:		
Net change in borrowings under Revolving Credit Facility	(36,500)	--
Proceeds from Senior Notes Offering and Revolving Credit Facility	620,300	--
Repayment of long-term debt	(17,399)	(35,965)
Repayment of long-term debt through refinancing	(607,106)	--
Payment of deferred financing costs	(15,139)	--
Payment of swap breakage fee	(12,837)	--
Payment on United States Settlement	(2,583)	(36,782)
Proceeds from (cost of) issuance of stock	(45)	537
Cash dividends to stockholders	(33,637)	(34,970)
Net cash used in financing activities	(104,946)	(107,180)
Decrease in cash and cash equivalents	(15,260)	(64,017)
Cash and cash equivalents--beginning of period	18,596	87,401
Cash and cash equivalents--end of period	$ 3,336	$ 23,384

Funds from Operations

FFO for the three months and six months ended June 30, 2002 and 2001 is summarized in the following table (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net income	$26,468	$ 8,105	$39,169	$18,684
Depreciation on real estate investments	10,401	10,476	20,825	20,951
Extraordinary loss on extinguishment of debt	6,919	--	6,919	--
Gain on sale of assets	(22,393)	--	(23,450)	--
FFO	21,395	18,581	43,463	39,635
Gain on sale of Kindred Common Stock	(3,822)	--	(3,822)	--
Net loss on swap breakage	5,407	--	5,407	--
Normalized FFO	$22,980	$18,581	$45,048	$39,635

The Company considers FFO an appropriate measure of performance of an equity REIT, and the Company uses the National Association of Real Estate Investment Trust's, or NAREIT's, definition of FFO. NAREIT defines FFO as net income (computed in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO presented herein is not necessarily comparable to FFO presented by other real estate companies due to the fact that not all real estate companies use the same definition. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of the Company's financial performance or as an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is FFO necessarily indicative of sufficient cash flow to fund all of the Company's needs. The Company believes that in order to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO should be examined in conjunction with net income as

presented in the Condensed Consolidated Financial Statements and data included elsewhere in this Press Release.

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