



# VENTAS, INC. (NYSE: VTR) WAITING FOR A CURE

JUNE 2022

L & B

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## FOLLOWING LAND & BUILDINGS' EFFORTS TO RECONSTITUTE THE BOARD, THE TROUBLING STATUS QUO REMAINS AT VENTAS

- Tepid support from shareholders – as evidenced by low vote totals for key directors
- Share price continues to languish and has failed to approach prior highs
- Earnings estimates have consistently been reduced and earnings growth continues to materially lag peers
- Substantial insider selling continues
- Lack of meaningful refreshment and Investment Committee still needs fresh faces

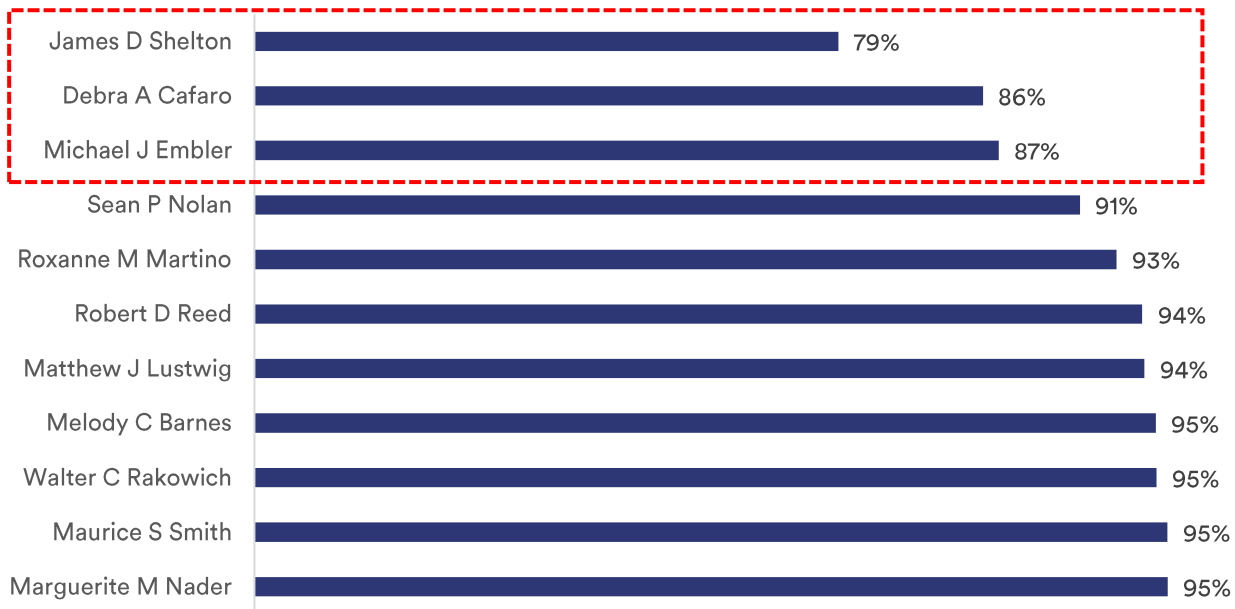
### What is needed:

- 1) Capital allocation discipline
- 2) Repair investor communications
- 3) Internal growth acceleration
- 4) Governance reinvigorated

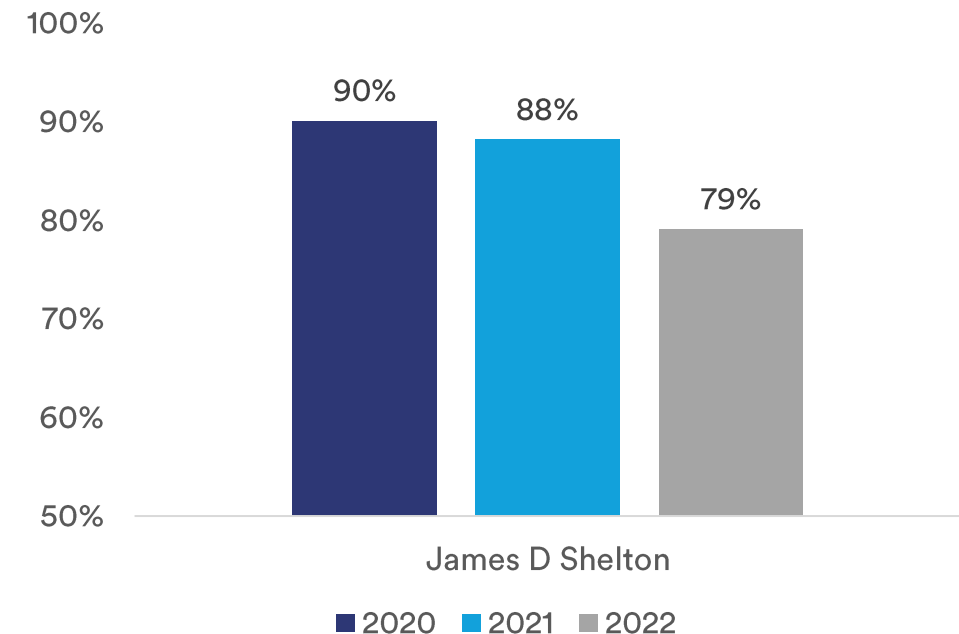
# WANING SUPPORT FROM SHAREHOLDERS

## KEY DIRECTORS SAW A SIGNIFICANT NUMBER OF SHAREHOLDERS WITHHOLD SUPPORT

CEO Cafaro and Newly Appointed Director Emblar Received Weaker Vote Totals from Active Managers



Lead Director James Shelton Has Continued to See Deterioration in Shareholder Support



Ventas failed to receive a majority of votes to approve executive compensation

Source: Company filings



# GOVERNANCE CHANGES TOO LITTLE, TOO LATE

## REACTIVE GOVERNANCE CHANGES DO NOT REPRESENT REAL CHANGE

- Ventas did the bare minimum in its reactive governance changes following our involvement and avoided making real changes that we believe would enhance value for all shareholders
- The Board has still not taken steps to:
  - Refresh the Investment Committee with credible new directors that have relevant experience and that shareholders would respect
  - Make public the Investment Committee Charter
  - Refresh the Lead Director role with a new, shareholder-aligned director to ensure a true independent voice is appropriately overseeing the Board and always representing shareholder interests
  - Bolster senior leadership ranks



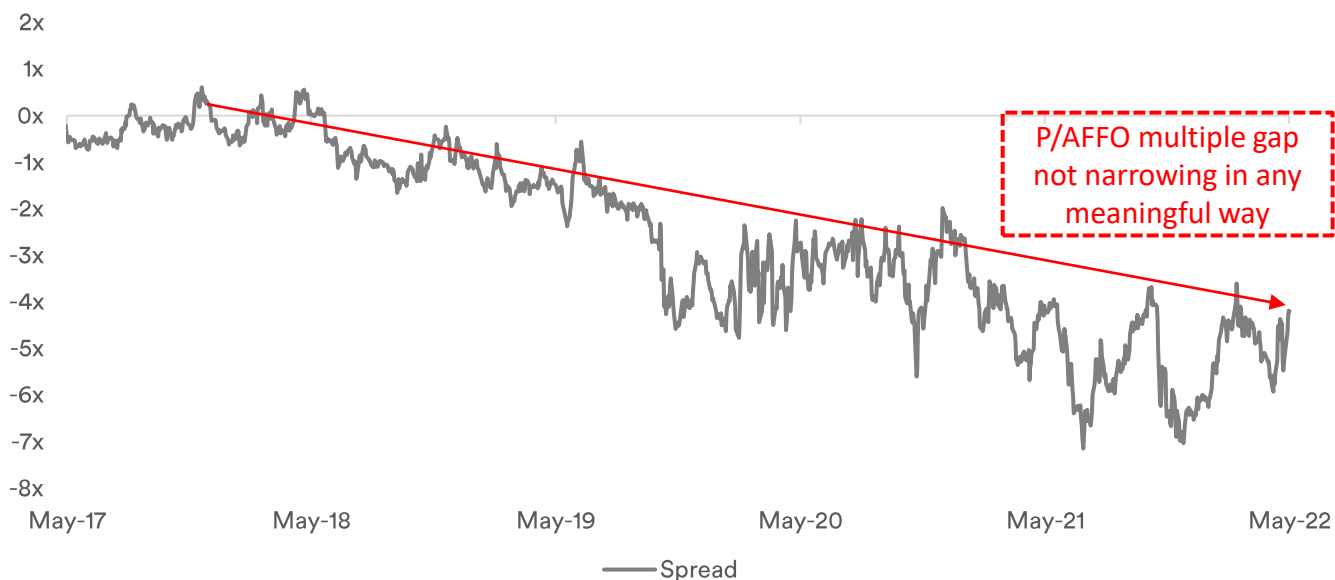
# ISS GAVE THE BOARD A YEAR TO CLOSE VALUATION GAP

## LITTLE PROGRESS HAS BEEN SEEN THUS FAR



- “(I)t is preferable to allow the incumbent board an opportunity to **close the multiple gap over the next year...** Should the efforts of the company’s leadership to close the multiple gap fall short, shareholders have the potential solution of supporting more substantive **changes** at next year’s annual meeting, should the dissident choose to return with a broader slate.”

### P/AFFO: Remains at Large Discount to Welltower (WELL)



### 1Q22 Earnings Call Q&A – 5/6/22

Analyst Question: . . .seven turns multiple spread to your largest peer...**are there other changes or strategies** or the things you can do that you think will -- investors **will allow that gap to close?**

CEO Cafaro: “... **just in general to execute**, to make sure people understand the Ventas story and the opportunities... **we have a consistent strategy** that over time has delivered superior performance and we look forward to the opportunities ahead...”

Given evasive nature of management’s response and lack of progress, there appears to be no change to status quo to close the valuation gap

Source: SEC filings, Bloomberg, Note: Data through 5/20/2022; ISS Report for VTR 2022 Annual Meeting



# VENTAS SHARE PRICE FAILING TO RECOVER PRIOR HIGHS

## WHILE WELLTOWER HITS NEW HIGHS, VENTAS STILL LAGS

- VTR share price ascended during L&B's campaign for Board change, then retreated after as it was clear that the status quo was going to continue, in our view
- Ventas is still 16% below its 2019 peak



# VENTAS HAS CONSISTENTLY UNDERPERFORMED

## COMPANY HAS FAILED TO DELIVER FOR SHAREHOLDERS OVER THE PAST DECADE

- Ventas has underperformed its closest peer Welltower (WELL) over the last 10-, 5-, 3-, and 1-year periods

### Material Total Return Underperformance vs. Closest Peer



Total Shareholder Returns	Trailing 10 Years	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Ventas Inc (NYSE: VTR)	83%	6%	-1%	8%
Welltower Inc. (NYSE: WELL)	157%	49%	22%	23%
<b>VTR Performance vs. WELL</b>	<b>-75%</b>	<b>-42%</b>	<b>-23%</b>	<b>-16%</b>

Source: Bloomberg, SEC Filings  
Note: Data through 5/20/2022



# SIGNIFICANT SENIOR HOUSING UNDERPERFORMANCE

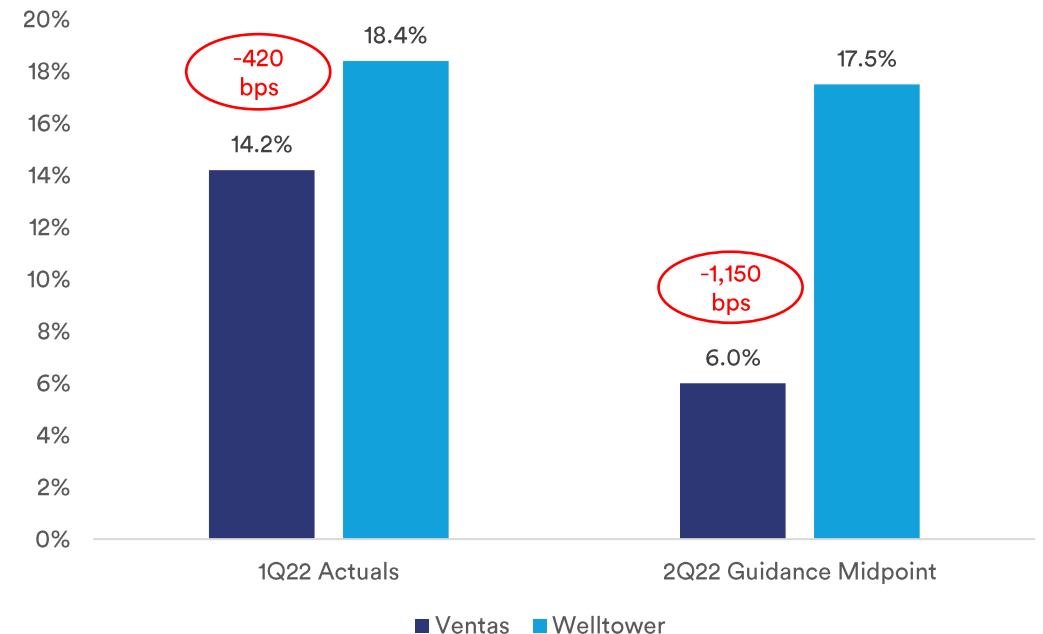
## BOARD AND MANAGEMENT HAVE NOT EFFECTIVELY OVERSEEN OPERATORS

- As acquisition volumes increased, including lower quality portfolios, Ventas' senior housing operating portfolio (SHOP) same-store revenue and net operating income (NOI) growth significantly lagged Welltower
- Underperformance has been further magnified by year-to-date SHOP NOI results/guidance

### Same-Store NOI Underperformance 2017 - 2021 is Stark

SS SHOP NOI Growth	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Ventas Inc. (NYSE: VTR)	-48%	-48%	-22%
Welltower Inc. (NYSE: WELL)	-35%	-37%	-21%
<b>VTR Underperformance vs. WELL</b>	<b>-13%</b>	<b>-11%</b>	<b>-1%</b>

### Same-Store SHOP NOI Results and Guidance Still Lagging into 2022



Source: SEC filings; Note: Data through 5/20/22

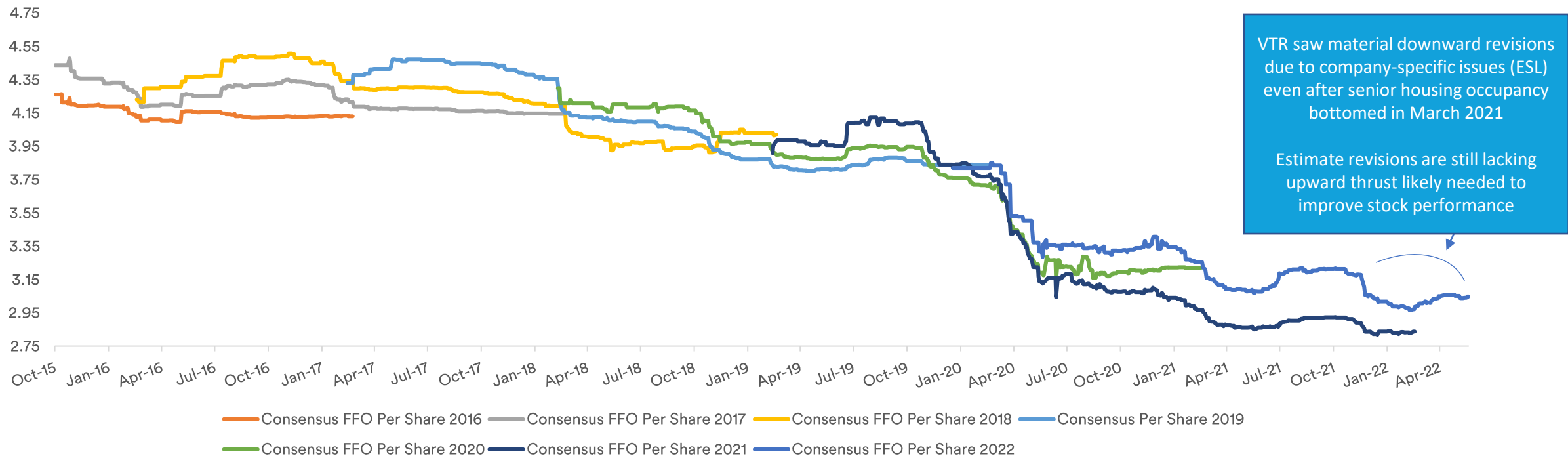


# EARNINGS ESTIMATES HAVE CONSISTENTLY BEEN REDUCED

## EARNINGS ESTIMATES HAVE FALLEN MATERIALLY EACH YEAR BEGINNING IN 2016

- Analysts rely on company assumptions/commentary, and peer performance to forecast earnings and VTR has consistently missed expectations

### Ventas' Consensus FFO/Share Earnings Estimates Show Slow Improvement



Source: Bloomberg  
 Note: Data through 05/20/2022

# EARNINGS GROWTH CONTINUES TO MATERIALLY LAG PEERS

## VENTAS HAS NOT BEEN ABLE TO KEEP UP

- FFO growth has consistently underperformed Welltower and Healthcare REIT peers by -21% and -57%, respectively, over the past 10 years and 2022 growth is still well below peers
- Earnings growth underperformance vs. WELL and Healthcare REIT peers dates back well before the COVID-19 pandemic

### VTR FFO Growth Underperformance to Most Comparable Peer

FFO Growth	Trailing 10 Years	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Ventas Inc.	-20%	-27%	-21%	5%
Welltower Inc	1%	-15%	-14%	11%
<b>VTR Underperformance vs. WELL</b>	<b>-21%</b>	<b>-12%</b>	<b>-7%</b>	<b>-6%</b>

### VTR FFO Growth Underperformance to Healthcare REIT Peers

FFO Growth	Trailing 10 Years	Trailing 5 Years	Trailing 3 Years	Trailing 1 Year
Ventas Inc.	-20%	-27%	-21%	5%
NAREIT Healthcare Index	37%	28%	6%	8%
<b>VTR Underperformance vs. NAREIT Healthcare Index</b>	<b>-57%</b>	<b>-55%</b>	<b>-27%</b>	<b>-3%</b>

Source: Bloomberg, SEC filings

Note: Data through 05/20/2022; 2022 consensus data used for current year FFO estimate; Data is normalized FFO per share for VTR/WELL; FTSE NAREIT Equity Healthcare Index defined as FNHEATR Index, is straight average and includes available data



# INVESTMENT COMMITTEE STILL NEEDS FRESH FACES

## THE BOARD'S OLD GUARD DOMINATES ITS MOST IMPORTANT COMMITTEE

- Investment Committee has critical capital allocation oversight
- We believe the Investment Committee needs to be reinvigorated
  - Only met 11 times over past five years in which VTR invested in more than \$12B of healthcare assets
- Many questions remain outstanding
  - Why isn't the Charter public and what does it say about the committee's authority, purposes and goals?
  - Can the committee hire outside advisors?
  - Does the committee truly scrutinize deals or simply rubber stamp?

### Investment Committee



Special Committee of independent directors should be formed to:

- 1) Reevaluate each business line
- 2) Bring in outside consultants to determine strategies to maximize SHOP margins and NOI

Source: Company filings

# SUBSTANTIAL INSIDER SELLING CONTINUES

## VENTAS DIRECTORS AND MANAGEMENT KEEP EXPRESSING LACK OF CONFIDENCE IN COMPANY

- More selling activity was observed after Land & Buildings' engagement, further supporting our serious concerns
- Over the last 10 years, Ventas insiders have sold stock in the open market 81 times
- The one insider who bought stock once in the open market over the past decade is a retired Director
- Shareholder alignment in the boardroom is desperately required



Source: SEC filings, Bloomberg, Note: Data through 5/20/2022



# WHAT IS NEEDED

## RESTORE VENTAS TO ITS BLUE-CHIP STATUS

Capital allocation discipline

Repair investor communications

Internal growth acceleration

Governance reinvigorated