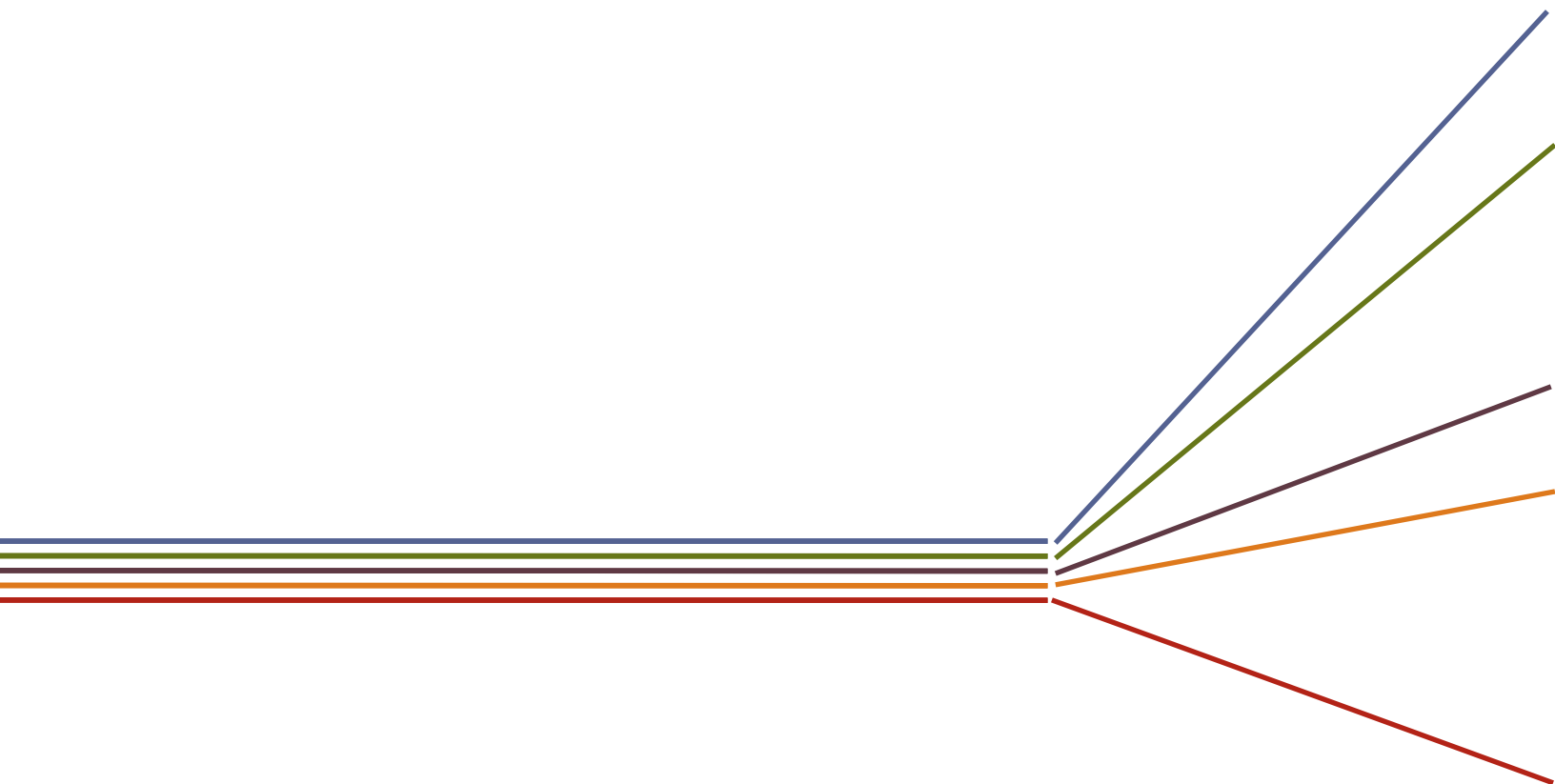


HEALTHCARE  REIT

3Q08 SUPPLEMENTAL INFORMATION



| | |
|------------------|---|
| CORPORATE | Corporate Profile 2 Analyst Coverage 4 Investor Relations Contacts 4 Forward-Looking Statements and Risk Factors 5 |
|------------------|---|

| | |
|------------------|---|
| FINANCIAL | Consolidated Balance Sheets (Unaudited) 6 Consolidated Statements of Income (Unaudited) 7 Funds from Operations Reconciliation 8 Funds Available for Distribution Reconciliation 9 Adjusted EBITDA Reconciliation 10 Net Operating Income Reconciliation 11 Outlook Reconciliation 12 Revenue and Lease Maturity 13 Debt Maturities and Principal Payments 14 Fixed and Floating Rate Debt 14 Current Capitalization 15 |
|------------------|---|

| | |
|-------------------|--|
| INVESTMENT | Gross Investment Activity - Quarter 16 Gross Investment Activity - Year 16 Investment Timing 18 Disposition Activity 18 Discontinued Operations 18 |
|-------------------|--|

| | |
|------------------|--|
| PORTFOLIO | Portfolio Composition 19 Investment Metrics 19 Portfolio Concentration 20 Top Ten Operator Descriptions 21 MSA and Region Concentration 22 Portfolio Performance 23 Same Store Revenue Growth 23 Portfolio Performance - Independent Living/CCRC 24 Portfolio Performance - Assisted Living 25 Portfolio Performance - Skilled Nursing 26 Portfolio Performance - Specialty Care 27 Portfolio Composition - Medical Office Buildings 28 Portfolio Performance - Medical Office Buildings 28 Portfolio Concentration - Medical Office Buildings 29 Development Activity 30 Development Funding Projections 30 Development Project Conversion Estimates 31 Unstabilized Concentration 32 Portfolio Trends 33 |
|------------------|--|

| | |
|-----------------|---|
| GLOSSARY | Glossary 34 Supplemental Reporting Measures 37 |
|-----------------|---|

HEALTH CARE REIT, INC., a real estate investment trust (“REIT”) with an enterprise value of \$8.5 billion, invests in health care real estate including independent living, assisted living and skilled nursing facilities, continuing care retirement communities, hospitals and medical office buildings. The company’s full service platform also offers property management and development services to its customers.

| | | | | |
|---------------------|--------------------|--------------------------------|---------------|---------------------------|
| Data as of: | September 30, 2008 | | | |
| NYSE Symbol: | HCN | Enterprise Value: | \$8.5 billion | Investment Concentration* |
| Closing Price: | \$53.23 | Gross Real Estate Assets: | \$6.3 billion | Owned Assets: 92% |
| 52 Week Hi/Lo: | \$53.98/\$39.26 | Debt to Market Capitalization: | 32% | Top 5 Customers: 26% |
| Dividend/Yield: | \$2.72/5.11% | Debt to Book Capitalization: | 46% | Top 5 States: 46% |
| Shares Outstanding: | 103.2 million | Senior Debt Ratings: | Baa2/BBB-/BBB | * % of total investments |

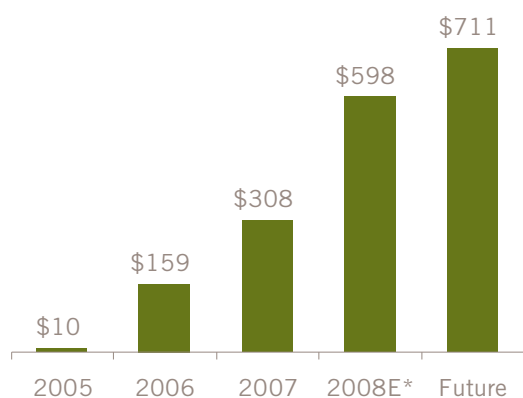
FULL SERVICE PLATFORM

Health Care REIT provides senior housing operators and health care systems with a single source for facility planning, design and turn-key development, property management and monetization or expansion of existing real estate. By extending successful relationship investment programs to health care systems across higher acuity asset classes, the company has significantly increased potential investment opportunities.

PIPELINE FOR GROWTH

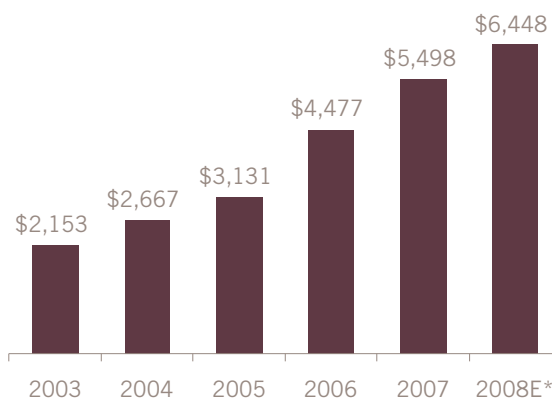
The company establishes relationships with growing operators and health care systems and invests in real estate to fuel the company’s growth cycle. These relationship investment programs have generated a current pipeline of \$3 billion in health care real estate development and acquisition opportunities. As the company replicates these programs across higher acuity asset classes, the investment pipeline should further increase.

DEVELOPMENT FUNDING
\$ millions



*represents projected future funding for projects underway as of September 30, 2008

GROSS REAL ESTATE ASSETS
\$ millions

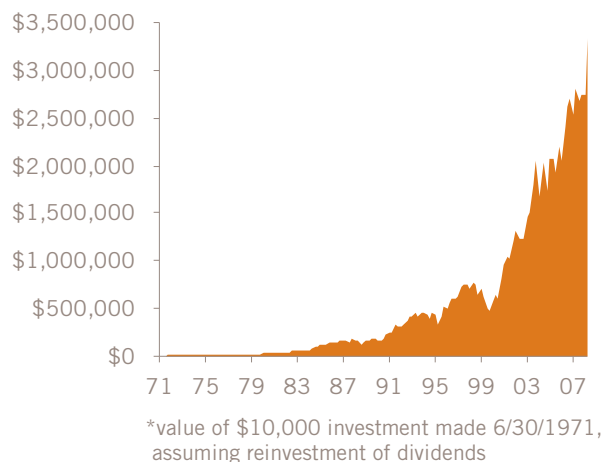


*based on HCN 2008 net investment guidance of \$950 million

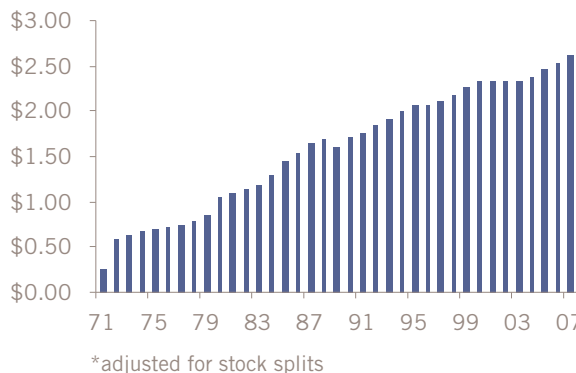
SECURE AND GROWING DIVIDEND

Health Care REIT maintains a commitment to investment grade ratings, conservative balance sheet management and underwriting, asset and property management protocols that ensure prudent investments and proactive management over the life of its long-term leases. The company has declared 150 consecutive quarterly dividends during its 38-year history and remains focused on delivering attractive stockholder returns.

GROWTH SINCE INCEPTION*



SOLID DIVIDEND PAYMENT RECORD*



TOTAL RETURNS*

| | |
|-----------------|-------|
| 1 year | 27.4% |
| 3 years | 20.0% |
| 5 years | 18.8% |
| 10 years | 16.4% |
| 20 years | 16.3% |
| Since inception | 16.9% |

*assumes reinvestment of dividends

RELATIONSHIP FOCUSED, LONG-TERM STRATEGY*

With 71 operators and over 800 medical office tenants in 39 states, the company strives to provide each customer with the highest quality of service and attention to detail. Throughout the company's 38-year history, it has been a steady long-term capital provider to senior housing and health care systems throughout all market cycles. The relationship approach enables the company to partner with the best regionally focused operators and health systems and help them grow profitably while concentrating on what they do best – provide quality care to patients and residents.

SPEED AND CERTAINTY OF EXECUTION

Health Care REIT's experience and knowledge enable investment decisions within days, rather than weeks or months. The company has accessed over \$3.4 billion in capital in the last five years, including \$894 million in 2007 and \$768 million during the nine months ended September 30, 2008. The company's \$1.15 billion line of credit ensures new investments will be funded on time.

ANALYST COVERAGE

Bank of America Securities LLC
BMO Capital Markets Corp.
Cantor Fitzgerald
Deutsche Bank Securities Inc.
Green Street Advisors, Inc.
KeyBanc Capital Markets
Merrill Lynch
Morgan Keegan & Co., Inc.
Raymond James & Associates, Inc.
Stifel Nicolaus & Company, Inc.
UBS Securities



George L. Chapman
CEO & Chairman

Mr. Chapman is currently Chairman and Chief Executive Officer of the company, positions he has held since October 1996, and served as President of the company from September 1995 to May 2002. From January 1992 to September 1995, he served as Executive Vice President and General Counsel of the company.

INVESTOR RELATIONS

ANALYST / INVESTOR CONTACT

Scott A. Estes
SVP & CFO
sestes@hcreit.com

Michael A. Crabtree
VP & Treasurer
mcrabtree@hcreit.com

GENERAL INQUIRIES

Erin C. Ibele
SVP-Administration & Corporate Secretary
info@hcreit.com



Raymond W. Braun
President

Mr. Braun has served as President of the company since May 2002 and served as Chief Financial Officer of the company from July 2000 to March 2006. Since January 1993, Mr. Braun has served in various capacities, including Chief Operating Officer, Executive Vice President, Assistant Vice President and Assistant General Counsel of the company.



Scott A. Estes
SVP & CFO

Mr. Estes has served as Senior Vice President and Chief Financial Officer of the company since March 2006 and served as Vice President of Finance of the company from April 2003 to March 2006. From January 2000 to April 2003, Mr. Estes served as a Senior Equity Analyst and Vice President with Deutsche Bank Securities. From January 1998 to December 1999, Mr. Estes served as a Senior Equity Analyst and Vice President with Bank of America Securities.

Forward-Looking Statements and Risk Factors

This document may contain “forward-looking” statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern and are based upon, among other things, the possible expansion of the company’s portfolio; the sale of properties; the performance of its operators and properties; its occupancy rates; its ability to acquire or develop properties; its ability to manage properties; its ability to enter into agreements with viable new tenants for vacant space or for properties that the company takes back from financially troubled tenants, if any; its ability to make distributions; its policies and plans regarding investments, financings and other matters; its tax status as a real estate investment trust; its ability to appropriately balance the use of debt and equity; its ability to access capital markets or other sources of funds; its critical accounting policies; and its ability to meet its earnings guidance. When the company uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “estimate” or similar expressions, it is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The company’s expected results may not be achieved, and actual results may differ materially from expectations. This may be a result of various factors, including, but not limited to: the status of the economy; the status of capital markets, including availability and cost of capital; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies; operators’/tenants’ difficulty in cost-effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and senior housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; the company’s ability to transition or sell facilities with profitable results; the failure to make new investments as and when anticipated; the failure of closings to occur as and when anticipated; acts of God affecting the company’s properties; the company’s ability to re-lease space at similar rates as vacancies occur; the company’s ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant bankruptcies or insolvencies; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future acquisitions; environmental laws affecting the company’s properties; changes in rules or practices governing the company’s financial reporting; and legal and operational matters, including real estate investment trust qualification and key management personnel recruitment and retention. Finally, the company assumes no obligation to update or revise any forward-looking statements or to update the reasons why actual results could differ from those projected in any forward-looking statements.

Consolidated Balance Sheets (unaudited)

(dollars in thousands)

| | September 30, | |
|--|---------------------|---------------------|
| | 2008 | 2007 |
| Assets | | |
| Real estate investments: | | |
| Real property owned | | |
| Land and land improvements | \$ 506,083 | \$ 440,365 |
| Buildings and improvements | 4,649,491 | 4,165,573 |
| Acquired lease intangibles | 136,603 | 129,533 |
| Real property held for sale, net of accumulated depreciation | 41,336 | 6,908 |
| Construction in progress | 497,673 | 229,134 |
| Gross real property owned | 5,831,186 | 4,971,513 |
| Less accumulated depreciation and amortization | (569,363) | (449,831) |
| Net real property owned | 5,261,823 | 4,521,682 |
| Real estate loans receivable | 501,871 | 271,985 |
| Less allowance for losses on loans receivable | (7,406) | (7,406) |
| Net real estate loans receivable | 494,465 | 264,579 |
| Net real estate investments | 5,756,288 | 4,786,261 |
| Other assets: | | |
| Equity investments | 1,862 | 4,617 |
| Deferred loan expenses | 25,315 | 32,082 |
| Cash and cash equivalents | 18,273 | 31,440 |
| Restricted cash | 83,189 | 19,731 |
| Receivables and other assets (1) | 137,028 | 97,696 |
| Total other assets | 265,667 | 185,566 |
| Total assets | \$ 6,021,955 | \$ 4,971,827 |
| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Borrowings under unsecured lines of credit arrangements | \$ 387,000 | \$ 145,000 |
| Senior unsecured notes | 1,847,401 | 1,890,344 |
| Secured debt | 452,054 | 513,058 |
| Liability to subsidiary trust issuing preferred securities | - | 52,184 |
| Accrued expenses and other liabilities | 124,986 | 105,629 |
| Total liabilities | 2,811,441 | 2,706,215 |
| Minority interests | 8,958 | 4,928 |
| Stockholders' equity: | | |
| Preferred stock | 301,901 | 338,993 |
| Common stock | 103,110 | 81,253 |
| Capital in excess of par value | 3,123,745 | 2,200,030 |
| Treasury stock | (5,145) | (3,952) |
| Cumulative net income | 1,333,772 | 1,025,309 |
| Cumulative dividends | (1,647,699) | (1,386,899) |
| Accumulated other comprehensive income | (11,905) | 3,302 |
| Other equity | 3,777 | 2,648 |
| Total stockholders' equity | 3,201,556 | 2,260,684 |
| Total liabilities and stockholders' equity | \$ 6,021,955 | \$ 4,971,827 |

Notes:

(1) Includes straight-line receivable balance of \$53,121,000 and \$55,093,000 at September 30, 2008 and 2007, respectively.

Consolidated Statements of Income (unaudited)

(dollars in thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------------|------------------------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | |
| Rental income | \$ 132,131 | \$ 111,599 | \$ 375,690 | \$ 314,307 |
| Interest income | 10,910 | 5,947 | 29,177 | 17,673 |
| Other income | 2,055 | 1,199 | 5,655 | 3,935 |
| Total revenues | 145,096 | 118,745 | 410,522 | 335,915 |
| Expenses: | | | | |
| Interest expense | 33,528 | 33,221 | 98,308 | 94,563 |
| Property operating expenses | 11,761 | 10,333 | 34,330 | 25,997 |
| Depreciation and amortization | 41,375 | 37,504 | 117,293 | 101,727 |
| General and administrative expenses | 10,789 | 8,649 | 33,693 | 28,385 |
| Loan expense | 1,754 | 1,504 | 5,279 | 4,006 |
| Loss (gain) on extinguishment of debt | (768) | - | (2,094) | - |
| Total expenses | 98,439 | 91,211 | 286,809 | 254,678 |
| Income from continuing operations before income taxes and minority interests | 46,657 | 27,534 | 123,713 | 81,237 |
| Income tax (expense) benefit | 153 | 23 | (1,170) | 81 |
| Income from continuing operations before minority interests | 46,810 | 27,557 | 122,543 | 81,318 |
| Minority interests, net of tax | (1) | (121) | (128) | (407) |
| Income from continuing operations | 46,809 | 27,436 | 122,415 | 80,911 |
| Discontinued operations: | | | | |
| Net gain (loss) on sales of properties | 12,619 | 766 | 130,813 | 2,775 |
| Income (loss) from discontinued operations, net | 1,094 | 2,644 | 6,289 | 8,770 |
| Discontinued operations, net | 13,713 | 3,410 | 137,102 | 11,545 |
| Net income | 60,522 | 30,846 | 259,517 | 92,456 |
| Preferred stock dividends | 5,730 | 6,317 | 17,660 | 18,952 |
| Net income available to common stockholders | \$ 54,792 | \$ 24,529 | \$ 241,857 | \$ 73,504 |
| Average number of common shares outstanding: | | | | |
| Basic | 96,040 | 80,710 | 90,500 | 77,686 |
| Diluted | 96,849 | 81,163 | 91,121 | 78,234 |
| Net income available to common stockholders per share: | | | | |
| Basic | \$ 0.57 | \$ 0.30 | \$ 2.67 | \$ 0.95 |
| Diluted | \$ 0.57 | \$ 0.30 | \$ 2.65 | \$ 0.94 |
| Common dividends per share | \$ 0.68 | \$ 0.66 | \$ 2.02 | \$ 1.6191 |

Funds From Operations Reconciliation

(dollars in thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net income available to common stockholders | \$ 54,792 | \$ 24,529 | \$ 241,857 | \$ 73,504 |
| Depreciation and amortization (1) | 41,690 | 40,137 | 120,894 | 109,545 |
| Loss (gain) on sales of properties | (12,619) | (766) | (130,813) | (2,775) |
| Minority interests | (87) | (70) | (261) | (256) |
| Funds from operations | 83,776 | 63,830 | 231,677 | 180,018 |
| One-time acquisition finder's fees | - | - | - | 1,750 |
| Loss (gain) on extinguishment of debt | (768) | - | (2,094) | - |
| Non-recurring income tax expense | - | - | 1,325 | - |
| Funds from operations — normalized | \$ 83,008 | \$ 63,830 | \$ 230,908 | \$ 181,768 |
| Average common shares outstanding: | | | | |
| Basic | 96,040 | 80,710 | 90,500 | 77,686 |
| Diluted | 96,849 | 81,163 | 91,121 | 78,234 |
| Per share data: | | | | |
| Net income available to common stockholders | | | | |
| Basic | \$ 0.57 | \$ 0.30 | \$ 2.67 | \$ 0.95 |
| Diluted | \$ 0.57 | \$ 0.30 | \$ 2.65 | \$ 0.94 |
| Funds from operations | | | | |
| Basic | \$ 0.87 | \$ 0.79 | \$ 2.56 | \$ 2.32 |
| Diluted | \$ 0.87 | \$ 0.79 | \$ 2.54 | \$ 2.30 |
| Funds from operations — normalized | | | | |
| Basic | \$ 0.86 | \$ 0.79 | \$ 2.55 | \$ 2.34 |
| Diluted | \$ 0.86 | \$ 0.79 | \$ 2.53 | \$ 2.32 |
| FFO Payout Ratio | | | | |
| Dividends per share (2) | \$ 0.68 | \$ 0.66 | \$ 2.02 | \$ 1.96 |
| FFO per diluted share | \$ 0.87 | \$ 0.79 | \$ 2.54 | \$ 2.30 |
| FFO payout ratio | 78% | 84% | 80% | 85% |
| FFO Payout Ratio — Normalized | | | | |
| Dividends per share (2) | \$ 0.68 | \$ 0.66 | \$ 2.02 | \$ 1.96 |
| FFO per diluted share — normalized | \$ 0.86 | \$ 0.79 | \$ 2.53 | \$ 2.32 |
| FFO payout ratio — normalized | 79% | 84% | 80% | 84% |

Notes:

- (1) Depreciation and amortization includes depreciation and amortization from discontinued operations.
- (2) The \$0.3409 prorated dividend paid on December 28, 2006 in connection with the Windrose merger has been included in the nine months ended September 30, 2007.

Funds Available for Distribution Reconciliation

(dollars in thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net income available to common stockholders | \$ 54,792 | \$ 24,529 | \$ 241,857 | \$ 73,504 |
| Depreciation and amortization (1) | 41,690 | 40,137 | 120,894 | 109,545 |
| Loss (gain) on sales of properties | (12,619) | (766) | (130,813) | (2,775) |
| Minority interests | (9) | 85 | (26) | (2) |
| Gross straight-line rental income | (5,437) | (4,555) | (15,807) | (12,664) |
| Prepaid/straight-line rent receipts | 4,781 | 5,881 | 15,679 | 10,791 |
| Amortization related to above (below) market leases, net | (214) | 268 | (676) | (656) |
| Amortization of deferred loan expenses | 1,754 | 1,504 | 5,279 | 4,006 |
| Cap-ex, tenant improvements, lease commissions | (1,555) | (704) | (3,482) | (2,529) |
| Funds available for distribution | 83,183 | 66,379 | 232,905 | 179,220 |
| One-time acquisition finder's fees | - | - | - | 1,750 |
| Loss (gain) on extinguishment of debt | (768) | - | (2,094) | - |
| Non-recurring income tax expense | - | - | 1,325 | - |
| Prepaid/straight-line rent receipts | (4,781) | (5,881) | (15,679) | (10,791) |
| Funds available for distribution — normalized | \$ 77,634 | \$ 60,498 | \$ 216,457 | \$ 170,179 |
| Average common shares outstanding: | | | | |
| Basic | 96,040 | 80,710 | 90,500 | 77,686 |
| Diluted | 96,849 | 81,163 | 91,121 | 78,234 |
| Per share data: | | | | |
| Net income available to common stockholders | | | | |
| Basic | \$ 0.57 | \$ 0.30 | \$ 2.67 | \$ 0.95 |
| Diluted | \$ 0.57 | \$ 0.30 | \$ 2.65 | \$ 0.94 |
| Funds available for distribution | | | | |
| Basic | \$ 0.87 | \$ 0.82 | \$ 2.57 | \$ 2.31 |
| Diluted | \$ 0.86 | \$ 0.82 | \$ 2.56 | \$ 2.29 |
| Funds available for distribution — normalized | | | | |
| Basic | \$ 0.81 | \$ 0.75 | \$ 2.39 | \$ 2.19 |
| Diluted | \$ 0.80 | \$ 0.75 | \$ 2.38 | \$ 2.18 |
| FAD Payout Ratio | | | | |
| Dividends per share (2) | \$ 0.68 | \$ 0.66 | \$ 2.02 | \$ 1.96 |
| FAD per diluted share | \$ 0.86 | \$ 0.82 | \$ 2.56 | \$ 2.29 |
| FAD payout ratio | 79% | 80% | 79% | 86% |
| FAD Payout Ratio — Normalized | | | | |
| Dividends per share (2) | \$ 0.68 | \$ 0.66 | \$ 2.02 | \$ 1.96 |
| FAD per diluted share — normalized | \$ 0.80 | \$ 0.75 | \$ 2.38 | \$ 2.18 |
| FAD payout ratio — normalized | 85% | 88% | 85% | 90% |

Notes:

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

(2) The \$0.3409 prorated dividend paid on December 28, 2006 in connection with the Windrose merger has been included in the nine months ended September 30, 2007.

Adjusted EBITDA Reconciliation

(dollars in thousands except per share data)

| | Twelve Months Ended | | | | |
|---|-----------------------|----------------------|-------------------|-------------------|-----------------------|
| | September 30, 2007 | December 31, 2007 | March 31, 2008 | June 30, 2008 | September 30, 2008 |
| Net income | \$ 115,414 | \$ 141,402 | \$ 148,329 | \$ 278,789 | \$ 308,465 |
| Interest expense (1) | 125,940 | 136,302 | 138,644 | 138,219 | 137,047 |
| Income tax expense (benefit) | (81) | 188 | 1,456 | 1,569 | 1,439 |
| Depreciation and amortization (1) | 135,189 | 149,626 | 155,339 | 159,422 | 160,975 |
| Amortization of deferred loan expenses | 5,063 | 5,977 | 6,483 | 7,000 | 7,250 |
| Stock-based compensation (2) | 8,543 | 7,050 | 7,723 | 7,853 | 8,024 |
| Provision for loan losses | 250 | - | - | - | - |
| Gain on extinguishment of debt | - | (1,081) | (2,407) | (2,407) | (3,175) |
| Adjusted EBITDA | \$ 390,318 | \$ 439,464 | \$ 455,567 | \$ 590,445 | \$ 620,025 |
| Interest Coverage Ratio | | | | | |
| Interest expense (1) | \$ 125,940 | \$ 136,302 | \$ 138,644 | \$ 138,219 | \$ 137,047 |
| Capitalized interest (3) | 10,035 | 12,526 | 15,367 | 17,860 | 21,062 |
| Total interest | \$ 135,975 | \$ 148,828 | \$ 154,011 | \$ 156,079 | \$ 158,109 |
| Adjusted EBITDA | \$ 390,318 | \$ 439,464 | \$ 455,567 | \$ 590,445 | \$ 620,025 |
| Adjusted interest coverage ratio | 2.87x | 2.95x | 2.96x | 3.78x | 3.92x |
| Fixed Charge Coverage Ratio | | | | | |
| Total interest (1) | \$ 135,975 | \$ 148,828 | \$ 154,011 | \$ 156,079 | \$ 158,109 |
| Secured debt principal amortization | 6,652 | 7,950 | 8,149 | 8,066 | 8,137 |
| Preferred dividends | 24,415 | 25,130 | 24,960 | 24,427 | 23,840 |
| Total fixed charges | \$ 167,042 | \$ 181,908 | \$ 187,120 | \$ 188,572 | \$ 190,086 |
| Adjusted EBITDA | \$ 390,318 | \$ 439,464 | \$ 455,567 | \$ 590,445 | \$ 620,025 |
| Adjusted fixed charge coverage ratio | 2.34x | 2.42x | 2.43x | 3.13x | 3.26x |

Notes:

- (1) Interest expense and depreciation and amortization include discontinued operations.
- (2) Stock-based compensation expense was \$1,472,000 and \$6,726,000 for the three and nine months ended September 30, 2008, respectively.
- (3) Capitalized interest was \$6,364,000 and \$16,594,000 for the three and nine months ended September 30, 2008, respectively.

Net Operating Income Reconciliation

(dollars in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-------------------|------------------------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Total revenues: | | | | |
| Investment properties: | | | | |
| Rental income (1): | | | | |
| Independent living/CCRCs | \$ 18,545 | \$ 11,765 | \$ 46,841 | \$ 30,629 |
| Assisted living facilities | 28,189 | 28,734 | 89,488 | 79,829 |
| Skilled nursing facilities | 40,687 | 40,970 | 121,047 | 126,694 |
| Specialty care facilities | 12,650 | 6,485 | 31,436 | 19,405 |
| Sub-total rental income | 100,071 | 87,954 | 288,812 | 256,557 |
| Interest income | 10,910 | 5,947 | 29,177 | 17,673 |
| Other income | 1,219 | 637 | 4,048 | 2,792 |
| Total investment property income | 112,200 | 94,538 | 322,037 | 277,022 |
| Medical office buildings: | | | | |
| Rental income (1): | 33,958 | 30,876 | 100,194 | 80,737 |
| Other income | 261 | - | 708 | - |
| Total MOB income | 34,219 | 30,876 | 100,902 | 80,737 |
| Non-segment/corporate other income | 575 | 562 | 899 | 1,143 |
| Total revenues | 146,994 | 125,976 | 423,838 | 358,902 |
| Property operating expenses: | | | | |
| Investment properties | - | - | - | - |
| Medical office buildings (1) | 11,868 | 10,426 | 34,609 | 26,251 |
| Non-segment/corporate | - | - | - | - |
| Total property operating expenses | 11,868 | 10,426 | 34,609 | 26,251 |
| Net operating income: | | | | |
| Investment properties | 112,200 | 94,538 | 322,037 | 277,022 |
| Medical office buildings | 22,351 | 20,450 | 66,293 | 54,486 |
| Non-segment/corporate | 575 | 562 | 899 | 1,143 |
| Net operating income | \$ 135,126 | \$ 115,550 | \$ 389,229 | \$ 332,651 |

Note:

(1) The three months ended September 30, 2008 includes the following amounts (in thousands):

Rental income from discontinued operations:

| | |
|----------------------------|-----------------|
| Assisted living facilities | \$ 1,373 |
| Skilled nursing facilities | 9 |
| Specialty care facilities | 279 |
| Medical office buildings | 237 |
| Total | \$ 1,898 |

Non-cash rental income from continuing operations:

| | |
|----------------------------|-----------------|
| Independent living/CCRCs | \$ 1,344 |
| Assisted living facilities | 1,415 |
| Skilled nursing facilities | 925 |
| Specialty care facilities | 392 |
| Medical office buildings | 1,553 |
| Total | \$ 5,629 |

Property operating expenses from discontinued operations:

| | |
|--------------------------|--------|
| Medical office buildings | \$ 107 |
|--------------------------|--------|

Outlook Reconciliation

(dollars in thousands except per share data)

| | Year Ended | |
|-----------------------|-------------------|------------|
| | December 31, 2008 | |
| | Low | High |
| Investments: | | |
| Acquisitions | \$ 600,000 | \$ 600,000 |
| Development | 600,000 | 600,000 |
| Gross new investments | 1,200,000 | 1,200,000 |
| Dispositions | (250,000) | (250,000) |
| Net new investments | 950,000 | 950,000 |

FFO Reconciliation:

| | | |
|--|-------------------|-------------------|
| Net income available to common stockholders | \$ 284,563 | \$ 289,313 |
| Loss (gain) on sales of properties | (130,813) | (130,813) |
| Depreciation and amortization (1) | 161,000 | 161,000 |
| Funds from operations | 314,750 | 319,500 |
| Loss (gain) on extinguishment of debt | (2,094) | (2,094) |
| Non-recurring income tax expense | 1,325 | 1,325 |
| Funds from operations - normalized | \$ 313,981 | \$ 318,731 |

Per share data (diluted):

| | | |
|---|-------------|-------------|
| Net income available to common stockholders | \$ 3.03 | \$ 3.08 |
| Funds from operations | 3.35 | 3.40 |
| Funds from operations - normalized | 3.34 | 3.39 |

FAD Reconciliation:

| | | |
|--|-------------------|-------------------|
| Net income available to common stockholders | \$ 284,563 | \$ 289,313 |
| Loss (gain) on sales of properties | (130,813) | (130,813) |
| Depreciation and amortization (1) | 161,000 | 161,000 |
| Gross straight-line rental income | (22,500) | (22,500) |
| Prepaid/straight-line rent receipts | 15,679 | 15,679 |
| Amortization related to above (below) market leases, net | (1,000) | (1,000) |
| Amortization of deferred loan expenses | 7,000 | 7,000 |
| Cap-ex, tenant improvements, lease commissions | (6,000) | (6,000) |
| Funds available for distribution | 307,929 | 312,679 |
| Loss (gain) on extinguishment of debt | (2,094) | (2,094) |
| Non-recurring income tax expense | 1,325 | 1,325 |
| Prepaid/straight-line rent receipts | (15,679) | (15,679) |
| Funds available for distribution - normalized | \$ 291,481 | \$ 296,231 |

Per share data (diluted):

| | | |
|--|-------------|-------------|
| Net income available to common stockholders | \$ 3.03 | \$ 3.08 |
| Funds available for distribution | 3.28 | 3.33 |
| Funds available for distribution - normalized | 3.10 | 3.15 |

Notes:

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

Revenue and Lease Maturity

(dollars in thousands)

| Year | Rental Income (1) | | | | | | Interest Income (2) | Total Revenues | % of Total |
|------------|------------------------------|--------------------|--------------------|-------------------|-------------------|------------------------|------------------------|-------------------|---------------|
| | Independent Living / CCRC | Assisted Living | Skilled Nursing | Specialty Care | Medical Office | Total Rental Income | | | |
| 2008 | \$ - | \$ 5,428 | \$ - | \$ - | \$ 4,990 | \$ 10,418 | \$ 3,659 | \$ 14,077 | 2.5% |
| 2009 | - | - | 443 | - | 9,988 | 10,431 | 7,695 | 18,126 | 3.3% |
| 2010 | - | - | - | - | 9,489 | 9,489 | 2,954 | 12,443 | 2.2% |
| 2011 | 9 | 1,665 | 5,295 | - | 10,246 | 17,215 | 9,647 | 26,862 | 4.8% |
| 2012 | 5,056 | 3,754 | 6,904 | - | 11,954 | 27,668 | 2,369 | 30,037 | 5.4% |
| 2013 | 7,840 | 555 | - | - | 7,809 | 16,204 | 13,477 | 29,681 | 5.3% |
| 2014 | - | 2,872 | 8,356 | - | 7,718 | 18,946 | - | 18,946 | 3.4% |
| 2015 | - | - | 1,927 | - | 7,671 | 9,598 | 257 | 9,855 | 1.8% |
| 2016 | - | 582 | 6,435 | - | 13,243 | 20,260 | 5 | 20,265 | 3.6% |
| 2017 | - | 14,780 | 3,548 | 4,495 | 5,201 | 28,024 | 1,731 | 29,755 | 5.3% |
| Thereafter | 64,431 | 84,938 | 129,705 | 44,678 | 13,299 | 337,051 | 9,092 | 346,143 | 62.4% |
| | \$ 77,336 | \$ 114,574 | \$ 162,613 | \$ 49,173 | \$ 101,608 | \$ 505,304 | \$ 50,886 | \$ 556,190 | 100.0% |

Notes:

- (1) Rental income represents annualized base rent for active lease agreements. The amounts are derived from the current contracted monthly base rent including straight-line for leases with fixed escalators or annual cash rent for leases with contingent escalators, net of collectibility reserves, if applicable. Rental income does not include common area maintenance charges or the amortization of above/below market lease intangibles.
- (2) Reflects contract rate of interest for loans, net of collectibility reserves if applicable.

Debt Maturities and Principal Payments

(dollars in thousands)

| Year | Line of Credit (1) | Senior Notes (2) | Secured Debt (2) | Total | % of Total |
|---------------------------------------|--------------------|---------------------|-------------------|---------------------|---------------|
| 2008 | \$ - | \$ - | \$ 5,544 | \$ 5,544 | 0.2% |
| 2009 | - | - | 39,657 | 39,657 | 1.5% |
| 2010 | - | - | 15,120 | 15,120 | 0.6% |
| 2011 | 387,000 | - | 52,314 | 439,314 | 16.4% |
| 2012 | - | 250,000 | 13,710 | 263,710 | 9.8% |
| 2013 | - | 300,000 | 62,198 | 362,198 | 13.5% |
| 2014 | - | - | 122,372 | 122,372 | 4.6% |
| Thereafter | - | 1,295,000 | 143,008 | 1,438,008 | 53.4% |
| Totals | \$ 387,000 | \$ 1,845,000 | \$ 453,923 | \$ 2,685,923 | 100.0% |
| Weighted Avg Interest Rate (3) | 3.7% | 5.8% | 6.0% | 5.5% | |
| Weighted Avg Maturity | 3.1 | 11.0 | 5.9 | 9.0 | |

Fixed and Floating Rate Debt

(dollars in thousands)

| | Principal | % of Debt |
|---------------------------|---------------------|---------------|
| Fixed Rate Debt | | |
| Senior notes (2) | \$ 1,845,000 | 68.7% |
| Secured debt (2) | \$ 453,923 | 16.9% |
| Total fixed | \$ 2,298,923 | 85.6% |
| Floating Rate Debt | | |
| Line of credit (1) | \$ 387,000 | 14.4% |
| Total floating | \$ 387,000 | 14.4% |
| Total debt | \$ 2,685,923 | 100.0% |

Notes:

- (1) Current line of credit capacity of \$1.15 billion with remaining availability of \$763 million at September 30, 2008.
- (2) Amounts above represent principal amounts due and do not include unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.
- (3) Line of credit interest rate represents 1-month LIBOR + 60 bps at September 30, 2008. Senior notes and secured debt average interest rate represents the face value note rate.

Current Capitalization

(dollars in thousands)

| | Balance | % of Total |
|--|---------------------|---------------|
| Book Capitalization | | |
| Line of credit | \$ 387,000 | 6.5% |
| Long-term debt obligations | 2,299,455 | 39.1% |
| Debt to total book capitalization | 2,686,455 | 45.6% |
| Stockholders' equity | 3,201,556 | 54.4% |
| Total book capitalization | \$ 5,888,011 | 100.0% |
| Undepreciated Book Capitalization | | |
| Line of credit | \$ 387,000 | 6.0% |
| Long-term debt obligations | 2,299,455 | 35.6% |
| Debt to undepreciated book capitalization | 2,686,455 | 41.6% |
| Accumulated depreciation and amortization | 569,363 | 8.8% |
| Stockholders' equity | 3,201,556 | 49.6% |
| Total undepreciated book capitalization | \$ 6,457,374 | 100.0% |
| Enterprise Value | | |
| Line of credit | \$ 387,000 | 4.6% |
| Long-term debt obligations | 2,299,455 | 27.1% |
| Debt to total enterprise value | 2,686,455 | 31.7% |
| Common shares outstanding | 103,232 | |
| Period end share price | \$ 53.23 | |
| Common equity market capitalization | 5,495,039 | 64.8% |
| Preferred stock | 301,901 | 3.5% |
| Total enterprise value | \$ 8,483,395 | 100.0% |
| Secured Debt as % of Total Assets | | |
| Secured debt | \$ 452,054 | 7.5% |
| Total assets | \$ 6,021,955 | |

Gross Investment Activity

(dollars in thousands)

Third Quarter 2008

| | Properties | Beds / Units / Square Feet | Amount | Investment Per Bed / Unit / Square Foot | Initial Cash Yield |
|---|------------|-------------------------------|------------|--|-----------------------|
| Real Property Acquisitions | | | | | |
| Freestanding skilled nursing | 1 | 164 beds | \$ 11,360 | \$ 69,268 | 8.5% |
| Specialty care facilities | 2 | 170 beds | 40,003 | 235,312 | 9.5% |
| Medical office building | 3 | 214,770 sf | 73,957 | 344 | 7.5% |
| Total acquisitions | 6 | | \$ 125,320 | | 8.2% |
| Construction in Progress | | | | | |
| Development projects: | | | | | |
| CCRC - entrance fee | 3 | 757 units | \$ 36,089 | | |
| CCRC - rental | 1 | 178 units | 1,765 | | |
| Combination - entrance fee | 4 | 618 units | 36,669 | | |
| Combination - rental | 15 | 1,790 units | 49,157 | | |
| Freestanding dementia care | 3 | 186 units | 5,582 | | |
| Freestanding skilled nursing | 2 | 240 beds | 4,080 | | |
| Specialty care | 3 | 212 beds | 24,834 | | |
| Medical office | 5 | 688,081 sf | 48,501 | | |
| Total development projects | 36 | | 206,677 | | |
| Expansion projects: | | | | | |
| CCRC - entrance fee | 3 | 41 units | 1,202 | | |
| Combination - entrance fee | 4 | 67 units | 2,571 | | |
| Total expansion projects | 7 | | 3,773 | | |
| Total construction in progress | 43 | | 210,450 | | |
| Capital improvements to existing properties | | | 6,712 | | 10.1% |
| Loan advances | | | 7,001 | | 9.5% |
| Gross investments | | | \$ 349,483 | | |

Gross Investment Activity

(dollars in thousands)

Year-to-date 2008

| | Properties | Beds / Units / Square Feet | Amount | Investment Per Bed / Unit / Square Foot | Initial Cash Yield |
|---|------------|-------------------------------|--------------------|---|-----------------------|
| Real Property Acquisitions | | | | | |
| CCRC - entrance fee | 1 | 192 units | \$ 56,500 | \$ 294,271 | 8.0% |
| CCRC - rental | 1 | 181 units | 11,800 | 65,193 | 8.1% |
| Combination - rental | 1 | 110 units | 34,500 | 313,636 | 7.5% |
| Freestanding assisted living | 1 | 45 units | 4,600 | 102,222 | 8.5% |
| Freestanding dementia care | 1 | 44 units | 6,390 | 145,227 | 9.0% |
| Freestanding skilled nursing | 1 | 164 beds | 11,360 | 69,268 | 8.5% |
| Specialty care facilities | 6 | 408 beds | 182,303 | 446,821 | 9.5% |
| Medical office building | 7 | 414,793 sf | 121,809 | 294 | 7.7% |
| Land parcels | 1 | | 10,000 | | 8.0% |
| Total acquisitions | 20 | | \$ 439,262 | | 8.5% |
| Construction in Progress | | | | | |
| Development projects: | | | | | |
| CCRC - entrance fee | 3 | 757 units | \$ 79,502 | | |
| CCRC - rental | 2 | 251 units | 4,342 | | |
| Combination - entrance fee | 5 | 832 units | 77,726 | | |
| Combination - rental | 18 | 2,008 units | 102,382 | | |
| Freestanding dementia care | 3 | 186 units | 10,539 | | |
| Freestanding skilled nursing | 2 | 240 beds | 12,816 | | |
| Specialty care | 5 | 312 beds | 60,560 | | |
| Medical office | 5 | 688,081 sf | 62,129 | | |
| Total development projects | 43 | | 409,996 | | |
| Expansion projects: | | | | | |
| CCRC - entrance fee | 3 | 91 units | 4,706 | | |
| Combination - entrance fee | 5 | 129 units | 16,474 | | |
| Total expansion projects | 8 | | 21,180 | | |
| Total construction in progress | 51 | | 431,176 | | |
| Capital improvements to existing properties | | | 14,540 | | 9.5% |
| Loan advances | | | 134,002 | | 8.6% |
| Gross investments | | | \$1,018,980 | | |

Investment Timing

(dollars in thousands)

| | Acquisitions | Initial Cash Yield | Loan Advances | Initial Cash Yield | Construction Conversions | Initial Cash Yield | Dispositions | Yield on Sale |
|--------------|-------------------|--------------------|-------------------|--------------------|--------------------------|--------------------|-------------------|---------------|
| January | \$ 42,500 | 10.3% | \$ 814 | 11.4% | \$ 687 | 9.1% | \$ - | 0.0% |
| February | 38,928 | 7.5% | 5,957 | 10.4% | - | 0.0% | - | 0.0% |
| March | 11,800 | 8.1% | 981 | 11.6% | 20,748 | 8.5% | - | 0.0% |
| April | - | 0.0% | 3,024 | 10.6% | 22,753 | 9.8% | 6,041 | 10.4% |
| May | 123,490 | 9.1% | 1,579 | 11.1% | 95,795 | 9.9% | 1,931 | 11.6% |
| June | 97,225 | 7.9% | 114,646 | 8.4% | 24,619 | 9.5% | 125,306 | 6.2% |
| July | 65,647 | 8.9% | 2,003 | 10.9% | - | 0.0% | - | 0.0% |
| August | - | 0.0% | 1,057 | 11.6% | 551 | 10.0% | 2,313 | 9.5% |
| September | 59,672 | 7.4% | 3,941 | 10.3% | 70,237 | 9.2% | 15,516 | 5.8% |
| Total | \$ 439,262 | 8.5% | \$ 134,002 | 8.6% | \$ 235,390 | 9.5% | \$ 151,107 | 6.4% |

Disposition Activity

(dollars in thousands)

| | Third Quarter 2008 | | Year-to-date 2008 | |
|--|--------------------|---------------|-------------------|---------------|
| | Amount | % of Total | Amount | % of Total |
| Dispositions by Investment Type | | | | |
| Real property | \$ 17,829 | 100.0% | \$ 142,292 | 94.2% |
| Real estate loans receivable | - | | 8,815 | 5.8% |
| Total | \$ 17,829 | 100.0% | \$ 151,107 | 100.0% |
| Dispositions by Property Type | | | | |
| Combination - rental | | | \$ 8,626 | 5.7% |
| Freestanding independent living | | | 15,547 | 10.3% |
| Freestanding assisted living | \$ 1,496 | 8.4% | 99,635 | 65.9% |
| Freestanding skilled nursing | 817 | 4.6% | 2,968 | 2.0% |
| Specialty care facility | 8,735 | 49.0% | 8,735 | 5.8% |
| Medical office building | 6,781 | 38.0% | 6,781 | 4.5% |
| Real estate loans receivable | | | 8,815 | 5.8% |
| Total | \$ 17,829 | 100.0% | \$ 151,107 | 100.0% |

Discontinued Operations

(dollars in thousands)

| | Third Quarter | | Year-to-date | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | | | | |
| Rental income | \$ 1,898 | \$ 7,231 | \$ 13,316 | \$ 22,987 |
| Expenses | | | | |
| Interest expense | 382 | 1,861 | 3,147 | 6,145 |
| Property operating expenses | 107 | 93 | 279 | 254 |
| Depreciation and amortization | 315 | 2,633 | 3,601 | 7,818 |
| Income / (loss) from discontinued operations, net | \$ 1,094 | \$ 2,644 | \$ 6,289 | \$ 8,770 |

Portfolio Composition

(dollars in thousands)

| | Properties | Investment Balance | % of Total | Committed Balance | % of Total |
|---------------------------|------------|---------------------|---------------|---------------------|---------------|
| Balance Sheet Data | | | | | |
| Real property | 603 | \$ 5,261,823 | 91.3% | \$ 6,139,383 | 92.4% |
| Loans | 38 | 501,871 | 8.7% | 501,872 | 7.6% |
| Total | 641 | \$ 5,763,694 | 100.0% | \$ 6,641,255 | 100.0% |

| | | | | | |
|---|------------|---------------------|---------------|---------------------|---------------|
| Investment Concentration - By Predominant Service Type | | | | | |
| Independent living / CCRC | 63 | \$ 1,033,534 | 17.9% | \$ 1,287,640 | 19.4% |
| Assisted living | 194 | 1,163,710 | 20.2% | 1,323,546 | 19.9% |
| Skilled nursing | 226 | 1,588,144 | 27.6% | 1,625,499 | 24.5% |
| Specialty care | 30 | 590,018 | 10.2% | 872,296 | 13.1% |
| Medical office | 128 | 1,388,288 | 24.1% | 1,532,274 | 23.1% |
| Total | 641 | \$ 5,763,694 | 100.0% | \$ 6,641,255 | 100.0% |

| | | | | | |
|--|------------|---------------------|---------------|---------------------|---------------|
| Investment Concentration - Senior Housing & Care and Medical Facilities | | | | | |
| Senior housing & care portfolio | | | | | |
| CCRC - entrance fee | 6 | \$ 241,699 | 4.2% | \$ 382,678 | 5.8% |
| CCRC - rental | 12 | 187,321 | 3.3% | 187,321 | 2.8% |
| Combination - entrance fee | 9 | 281,027 | 4.9% | 389,807 | 5.9% |
| Combination - rental | 127 | 1,013,664 | 17.5% | 1,192,527 | 17.9% |
| Subtotal combination / CCRC | 154 | 1,723,711 | 29.9% | 2,152,333 | 32.4% |
| Freestanding independent living | 22 | 156,832 | 2.7% | 156,832 | 2.4% |
| Freestanding assisted living | 76 | 267,008 | 4.6% | 267,008 | 4.0% |
| Freestanding dementia care | 33 | 156,708 | 2.7% | 167,547 | 2.5% |
| Freestanding skilled nursing | 193 | 1,192,600 | 20.8% | 1,204,436 | 18.1% |
| Subtotal freestanding | 324 | 1,773,148 | 30.8% | 1,795,823 | 27.0% |
| Land | 5 | 16,510 | 0.3% | 16,510 | 0.2% |
| Other Loans | - | 272,019 | 4.7% | 272,019 | 4.2% |
| Senior housing & care total | 483 | 3,785,388 | 65.7% | 4,236,685 | 63.8% |
| Medical facilities portfolio | | | | | |
| Specialty care | 30 | 590,018 | 10.2% | 872,296 | 13.1% |
| Medical office | 128 | 1,388,288 | 24.1% | 1,532,274 | 23.1% |
| Medical facilities total | 158 | 1,978,306 | 34.3% | 2,404,570 | 36.2% |
| Total portfolio | 641 | \$ 5,763,694 | 100.0% | \$ 6,641,255 | 100.0% |

| | Bed / Unit / Square Foot | Committed Balance (\$'000) | Per Bed / Unit / Square Foot |
|---------------------------|-----------------------------|-------------------------------|---------------------------------|
| Investment Metrics | | | |
| Independent living / CCRC | 7,512 units | \$ 1,287,640 | \$ 171,411 |
| Assisted living | 11,780 units | 1,323,546 | 112,355 |
| Skilled nursing | 30,729 beds | 1,625,499 | 52,898 |
| Specialty care | 1,869 beds | 872,296 | 466,718 |
| Medical office | 5,606,089 sf | 1,532,274 | 273 |
| Total | | \$ 6,641,255 | |

Portfolio Concentration

(dollars in thousands)

| | Total Properties | Investment Balance | % of Balances | Total Revenues (1) | % of Revenues |
|------------------------------------|---------------------|-----------------------|------------------|-----------------------|------------------|
| By Operator / Tenant | | | | | |
| Senior Living Communities, LLC | 10 | \$ 322,350 | 5.6% | \$ 5,183 | 3.6% |
| Signature Healthcare LLC | 34 | 320,480 | 5.6% | 9,819 | 6.8% |
| Brookdale Senior Living, Inc. | 86 | 293,430 | 5.1% | 9,895 | 6.8% |
| Emeritus Corporation | 31 | 288,271 | 5.0% | 8,982 | 6.2% |
| Life Care Centers of America, Inc. | 25 | 263,954 | 4.6% | 7,092 | 4.9% |
| Merrill Gardens LLC | 13 | 172,442 | 3.0% | 5,401 | 3.7% |
| Delta Health Group, Inc. | 25 | 158,850 | 2.8% | 4,478 | 3.1% |
| Tara Cares, LLC | 33 | 150,821 | 2.6% | 4,768 | 3.3% |
| Lyric Health Care, LLC | 27 | 148,777 | 2.6% | 4,549 | 3.1% |
| Vibra Healthcare, LLC | 5 | 146,109 | 2.5% | 3,449 | 2.4% |
| Remaining portfolio | 352 | 3,498,210 | 60.6% | 81,323 | 56.1% |
| Total | 641 | \$5,763,694 | 100.0% | \$ 144,939 | 100.0% |

| | Independent Living / CCRC | Assisted Living | Skilled Nursing | Specialty Care | Medical Office | Total Properties | Investment Balance | % of Total |
|--------------------------|------------------------------|--------------------|--------------------|-------------------|--------------------|---------------------|-----------------------|---------------|
| Balances By State | | | | | | | | |
| Florida | \$ 184,226 | \$ 40,371 | \$ 289,147 | \$ - | \$ 283,489 | 90 | \$ 797,233 | 13.8% |
| Texas | 18,254 | 121,182 | 169,612 | 165,675 | 208,223 | 83 | 682,946 | 11.8% |
| California | 168,021 | 59,089 | - | 115,274 | 123,369 | 30 | 465,753 | 8.1% |
| Massachusetts | 50,699 | 94,337 | 208,855 | 44,220 | - | 37 | 398,111 | 6.9% |
| Tennessee | - | 45,676 | 216,845 | - | 73,388 | 34 | 335,909 | 5.8% |
| Ohio | 36,900 | 38,606 | 181,522 | 26,377 | 7,441 | 30 | 290,846 | 5.0% |
| North Carolina | 46,661 | 164,161 | - | - | 23,664 | 53 | 234,486 | 4.1% |
| South Carolina | 177,208 | 6,691 | - | - | 17,143 | 13 | 201,042 | 3.5% |
| Indiana | 101,866 | 4,624 | 31,379 | 26,950 | 22,136 | 14 | 186,955 | 3.2% |
| Georgia | 74,011 | 4,125 | 15,374 | - | 86,204 | 24 | 179,714 | 3.1% |
| Remaining portfolio | 175,688 | 584,848 | 475,410 | 211,522 | 543,231 | 233 | 1,990,699 | 34.7% |
| Total | \$1,033,534 | \$1,163,710 | \$1,588,144 | \$590,018 | \$1,388,288 | 641 | \$5,763,694 | 100.0% |

| | Independent Living / CCRC | Assisted Living | Skilled Nursing | Specialty Care | Medical Office | Total Properties | Total Revenues (1) | % of Total |
|--------------------------|------------------------------|--------------------|--------------------|-------------------|-------------------|---------------------|-----------------------|---------------|
| Revenues By State | | | | | | | | |
| Florida | \$ 3,011 | \$ 1,114 | \$ 9,288 | \$ - | \$ 6,693 | 90 | \$ 20,106 | 13.9% |
| Texas | 592 | 3,365 | 4,495 | 4,175 | 4,412 | 83 | 17,039 | 11.8% |
| California | 4,515 | 2,026 | 12 | 1,954 | 3,446 | 30 | 11,953 | 8.2% |
| Tennessee | - | 1,062 | 6,675 | - | 2,034 | 34 | 9,771 | 6.7% |
| Massachusetts | 143 | 1,614 | 5,723 | 1,544 | - | 37 | 9,024 | 6.2% |
| North Carolina | 1,153 | 5,633 | - | - | 845 | 53 | 7,631 | 5.3% |
| Ohio | - | 1,227 | 4,942 | 992 | 201 | 30 | 7,362 | 5.1% |
| Georgia | 1,878 | 144 | 528 | - | 2,305 | 24 | 4,855 | 3.3% |
| Indiana | 2,814 | 180 | 979 | 694 | 168 | 14 | 4,835 | 3.3% |
| New York | 1,048 | 1,076 | - | - | 1,976 | 12 | 4,100 | 2.8% |
| Remaining portfolio | 5,117 | 12,972 | 13,767 | 4,529 | 11,878 | 234 | 48,263 | 33.4% |
| Total | \$ 20,271 | \$ 30,413 | \$ 46,409 | \$ 13,888 | \$ 33,958 | 641 | \$ 144,939 | 100.0% |

Notes:

(1) Revenues represent rent and interest income including rent from discontinued operations for the three months ended September 30, 2008. Revenues exclude other income totaling \$2,055,000 for the three months ended September 30, 2008.

Top Ten Operator Descriptions

Senior Living Communities, LLC, located in Charlotte, NC, operates premier continuing care retirement communities (CCRCs) throughout the southeastern United States. The company operates ten campuses in four states. As of September 30, 2008, the HCN portfolio consisted of ten properties in four states with an investment balance of \$322.35 million.

Signature Healthcare LLC, located in Palm Beach Gardens, FL, is a private operator of skilled nursing facilities spread among seven states. The company operates 64 skilled nursing facilities with 7,827 beds. As of September 30, 2008, the HCN portfolio consisted of 34 properties in four states with an investment balance of \$320.5 million.

Brookdale Senior Living, Inc. (NYSE:BKD), located in Chicago, IL, is a national public provider of independent living and assisted living services. The company operates 550 facilities in 35 states with the ability to serve over 52,000 residents. As of September 30, 2008, the HCN portfolio consisted of 86 properties in 16 states with an investment balance of \$293.4 million.

Emeritus Corporation (AMEX:ESC), located in Seattle, WA, is a national public provider of independent living, assisted living and Alzheimer's services. The company operates 289 communities representing capacity for approximately 25,000 residents in 34 states. As of September 30, 2008, the HCN portfolio consisted of 31 properties in 18 states with an investment balance of \$288.3 million.

Life Care Centers of America, Inc., located in Cleveland, TN, is one of the largest private owners and operators of skilled nursing facilities in the country. The company has grown to more than 260 skilled nursing, assisted living, retirement, home care and Alzheimer's centers in 28 states. As of September 30, 2008, the HCN portfolio consisted of 25 properties in 12 states with an investment balance of \$264.0 million.

Merrill Gardens LLC, located in Seattle, WA, is a privately held corporation organized under the laws of Washington State. The company owns, operates and/or manages 55 IL/AL facilities with 6,455 units in eight states. As of September 30, 2008, the HCN portfolio consisted of 13 properties in seven states with an investment balance of \$172.4 million.

Delta Health Group, Inc., located in Pensacola, FL, is a private operator of skilled nursing facilities. The company operates 43 skilled nursing facilities with 5,480 beds/units located in Florida, Alabama, and Mississippi. As of September 30, 2008, the HCN portfolio consisted of 25 properties in three states with an investment balance of \$158.85 million.

Tara Cares, LLC, located in Orchard Park, NY, is a private operator of skilled nursing and assisted living facilities in seven states. Currently, the company operates 36 facilities with 5,006 beds. As of September 30, 2008, the HCN portfolio consisted of 33 properties in seven states with an investment balance of \$150.8 million.

Lyric Health Care, LLC, located in Columbia, MD, is a private operator of 31 skilled nursing facilities and long term acute care hospitals with 3,538 beds/units in 10 states and has a management agreement with Encore Healthcare LLC to operate the facilities. As of September 30, 2008, the HCN portfolio consisted of 27 properties in nine states with an investment balance of \$148.8 million.

Vibra Healthcare, LLC, located in Mechanicsburg, PA, is a private operator of inpatient rehabilitation facilities and long term acute care hospitals in nine states. The company operates 16 facilities with 1,131 beds. As of September 30, 2008, the HCN portfolio consisted of five facilities in three states with an investment balance of \$146.1 million.

Metropolitan Statistical Area Concentration *

(dollars in thousands)

| | | Top 31 | | Top 75 | | Top 100 |
|--------------------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| Independent living / CCRC | \$ | 293,403 | \$ | 509,033 | \$ | 643,856 |
| % of independent living / CCRC | | 28.4% | | 49.3% | | 62.3% |
| Assisted living | | 396,406 | | 637,013 | | 679,501 |
| % of assisted living | | 34.1% | | 54.7% | | 58.4% |
| Skilled nursing | | 458,230 | | 831,104 | | 921,632 |
| % of skilled nursing | | 28.9% | | 52.3% | | 58.0% |
| Specialty care | | 266,281 | | 458,814 | | 482,779 |
| % of specialty care | | 45.1% | | 77.8% | | 81.8% |
| Medical office | | 997,426 | | 1,262,201 | | 1,265,820 |
| % of medical office | | 71.8% | | 90.9% | | 91.2% |
| Total portfolio | \$ | 2,411,746 | \$ | 3,698,165 | \$ | 3,993,588 |
| % of total portfolio | | 41.8% | | 64.2% | | 69.3% |

* Metropolitan statistical areas are as defined by the U.S. Census Bureau. Top 31, 75 and 100 classifications are reported per the National Investment Center Market Area Profiles Subscription Service.

Region Concentration

(dollars in thousands)

| | Total Properties | Investment Balance | % of Total |
|--------------------|---------------------|-----------------------|---------------|
| By Region* | | | |
| South Atlantic | 199 | \$1,544,642 | 26.8% |
| East North Central | 71 | 808,768 | 14.0% |
| West South Central | 115 | 805,614 | 14.0% |
| Pacific | 42 | 605,795 | 10.5% |
| East South Central | 71 | 574,583 | 10.0% |
| Mountain | 49 | 515,611 | 8.9% |
| New England | 49 | 462,729 | 8.0% |
| Middle Atlantic | 34 | 330,280 | 5.7% |
| West North Central | 11 | 115,672 | 2.1% |
| Total | 641 | \$5,763,694 | 100.0% |

*Region definitions are derived from census bureau definitions and are itemized in the glossary.

Portfolio Performance

| | Age | Occupancy | TTM CBMF (1) | TTM CAMF (1) | Facility Revenue Mix | | |
|---------------------------|-----|-----------|-----------------|-----------------|----------------------|----------|----------|
| | | | | | Private Pay | Medicaid | Medicare |
| Stable Portfolio* | | | | | | | |
| Independent living / CCRC | 11 | 91.3% | 1.36x | 1.15x | 92.9% | 1.7% | 5.4% |
| Assisted living | 10 | 87.4% | 1.56x | 1.33x | 86.7% | 13.1% | 0.2% |
| Skilled nursing | 23 | 84.0% | 2.29x | 1.68x | 18.8% | 50.2% | 31.0% |
| Specialty care | 12 | 52.5% | 2.39x | 1.86x | 30.3% | 13.0% | 56.7% |
| Medical office | 12 | 88.5% | n/a | n/a | 100.0% | 0.0% | 0.0% |
| Total | 14 | | 1.99x | 1.54x | | | |

* Data as of September 30, 2008 for medical office and June 30, 2008 for remaining asset types.

Notes:

(1) Represents trailing twelve month coverage metrics.

Same Store Revenue Growth

(dollars in thousands)

| | Properties (1) | 3Q07 Same Store Revenue* | 3Q08 Same Store Revenue* | % Change |
|-----------------------------|----------------|-----------------------------|-----------------------------|-------------|
| Same Store Portfolio | | | | |
| Independent living / CCRC | 46 | \$ 12,281 | \$ 12,643 | 2.9% |
| Assisted living | 170 | 23,616 | 24,378 | 3.2% |
| Skilled nursing | 220 | 39,071 | 40,027 | 2.4% |
| Specialty care | 15 | 6,209 | 6,366 | 2.5% |
| Total | 451 | \$ 81,177 | \$ 83,414 | 2.8% |

* Same store revenue represents cash-only rent or interest income excluding the impact of lease or loan basis changes (e.g., rent-producing capital improvement additions for leases and principal draws or paydowns for loans).

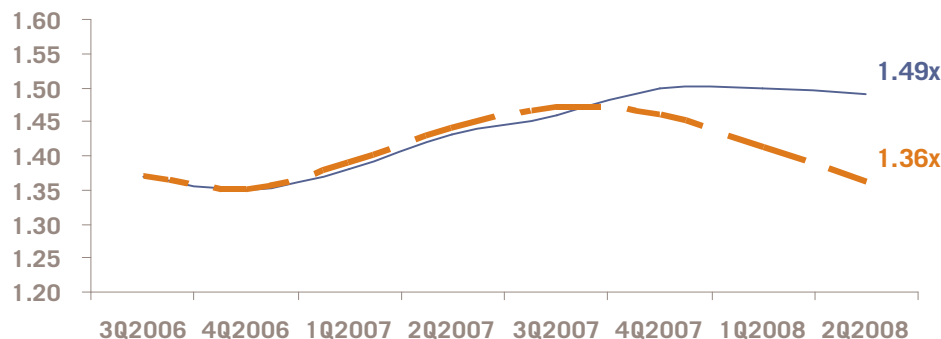
Notes:

(1) Represents those properties in the portfolio (both stable and unstable) for the 15 months preceding the end of the portfolio performance period.

Portfolio Performance - Independent Living / CCRC

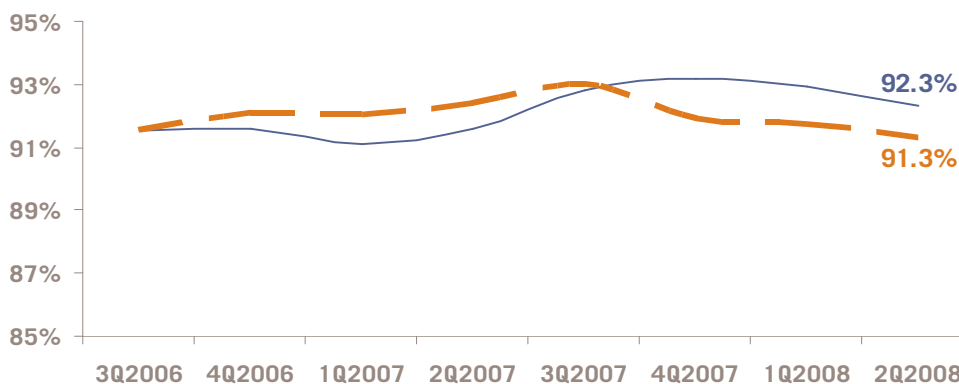
— Same Store (18 properties)
 - - - Stable

Trailing Twelve Month Payment Coverage Before Management Fees



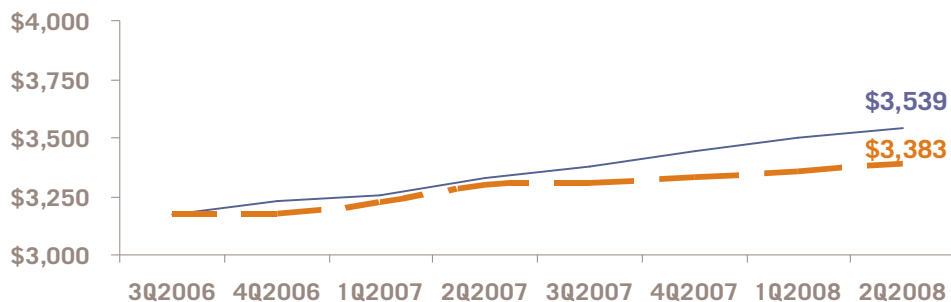
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | 6 | (1) |
| Stable | (8) | (5) |

Occupancy



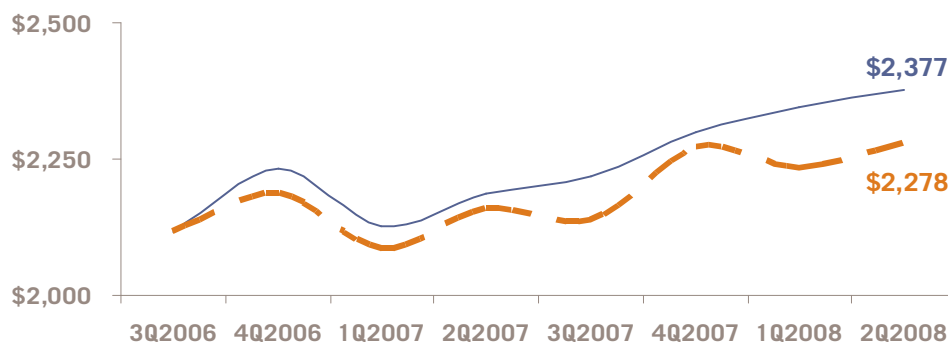
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | 70 | (60) |
| Stable | (110) | (40) |

Revenue per Occupied Unit



| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 6.3% | 1.0% |
| Stable | 2.6% | 0.8% |

Expense per Occupied Unit

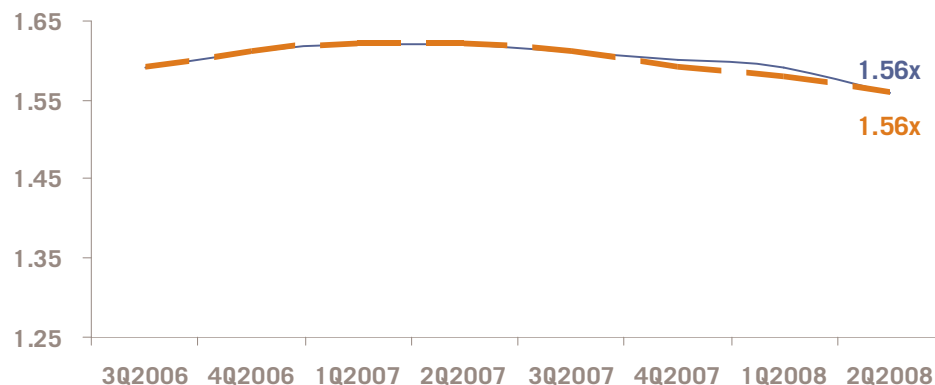


| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 8.8% | 1.4% |
| Stable | 5.5% | 2.1% |

Portfolio Performance - Assisted Living

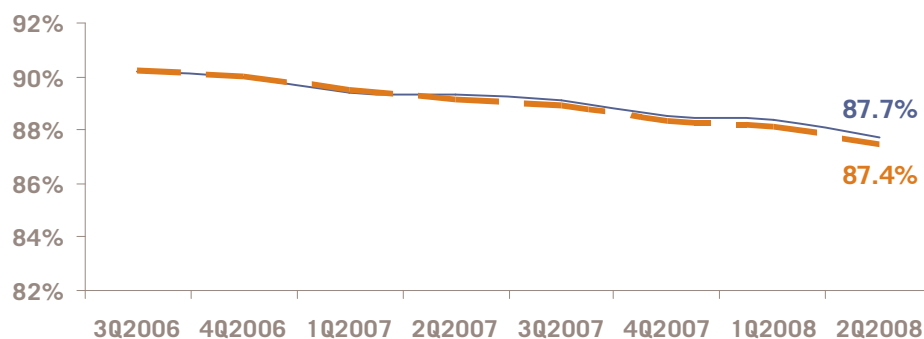
— Same Store (147 properties)
 - - - Stable

Trailing Twelve Month Payment Coverage Before Management Fees



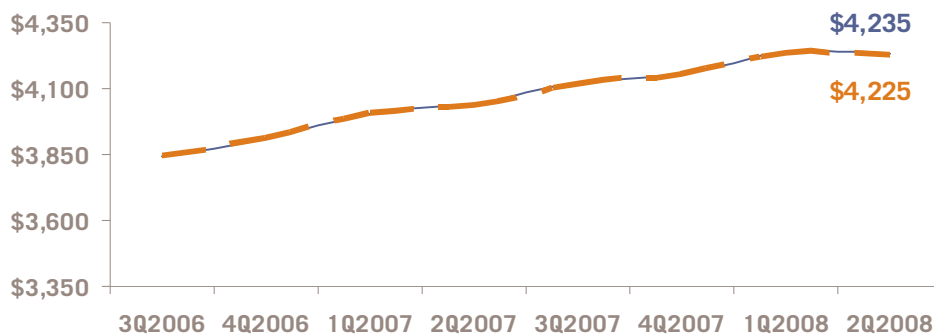
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | (6) | (3) |
| Stable | (6) | (2) |

Occupancy



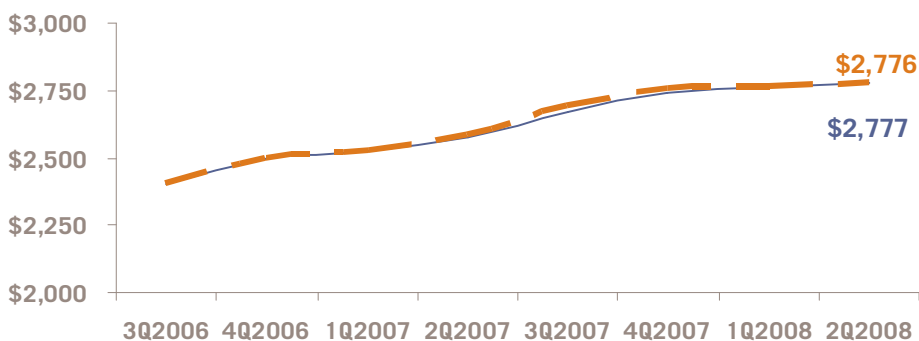
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | (160) | (70) |
| Stable | (170) | (70) |

Revenue per Occupied Unit



| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 4.7% | -0.1% |
| Stable | 4.7% | -0.1% |

Expense per Occupied Unit

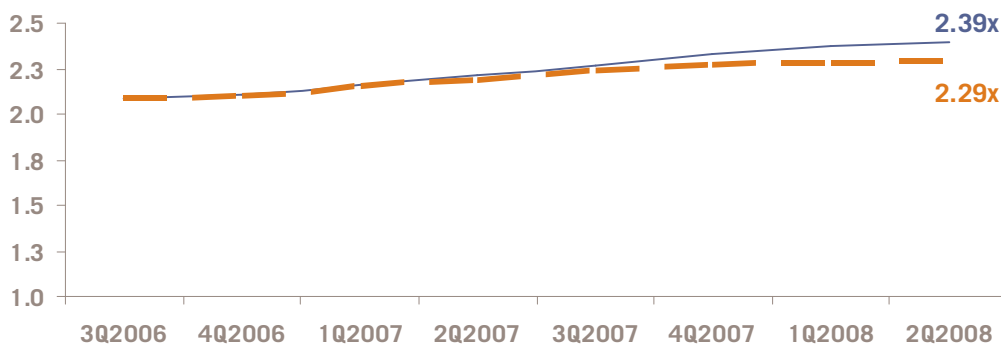


| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 7.9% | 0.5% |
| Stable | 7.4% | 0.4% |

Portfolio Performance - Skilled Nursing

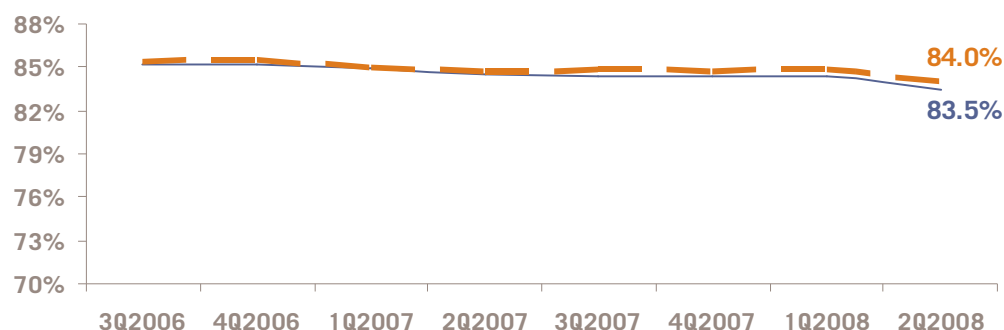
— Same Store (191 properties)
 - - - Stable

Trailing Twelve Month Payment Coverage Before Management Fees



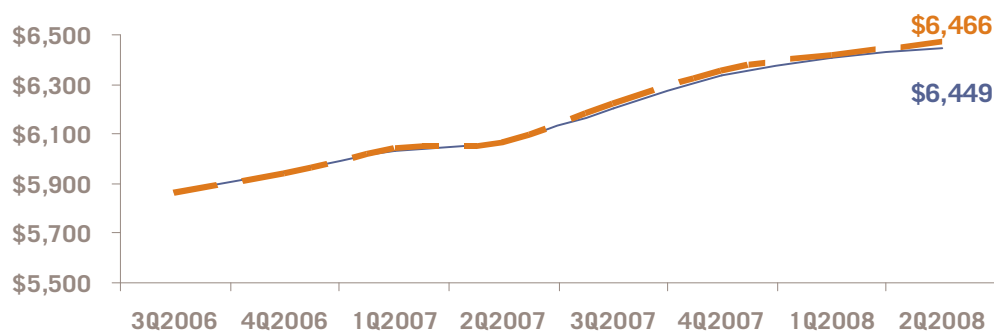
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | 18 | 2 |
| Stable | 11 | 1 |

Occupancy



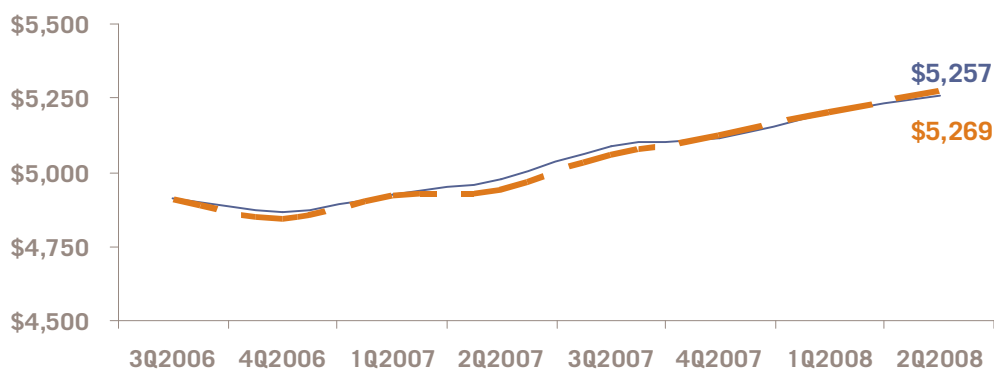
| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | (100) | (90) |
| Stable | (70) | (80) |

Revenue per Occupied Bed



| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 6.2% | 0.6% |
| Stable | 6.7% | 0.8% |

Expense per Occupied Bed

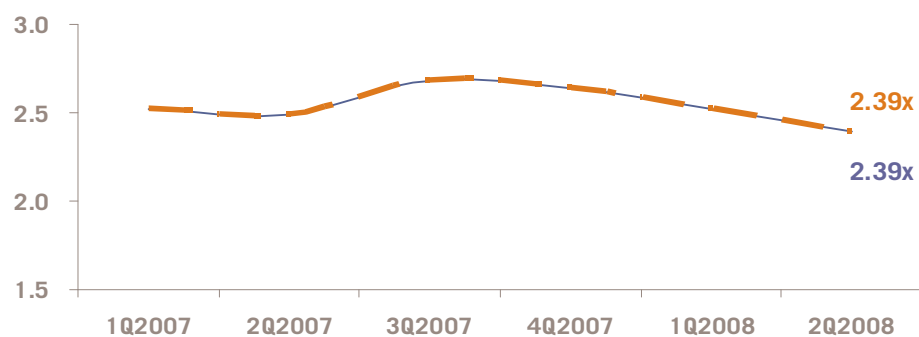


| (% chg) | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|------------|-------------|-------------|
| Same Store | 5.7% | 1.1% |
| Stable | 6.7% | 1.3% |

— Same Store (11 properties)
 — Stable

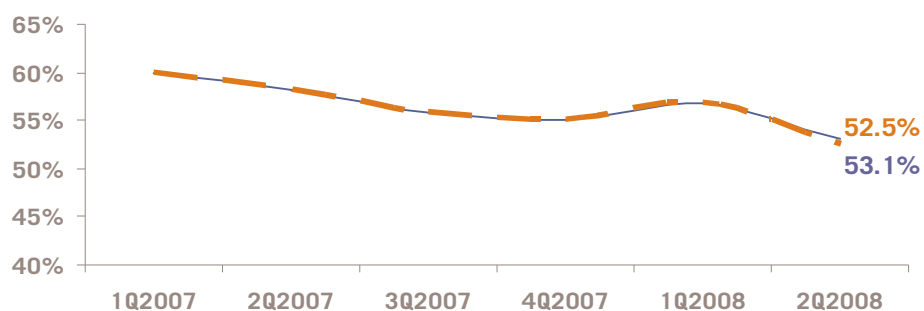
Portfolio Performance - Specialty Care*

Trailing Twelve Month Payment Coverage Before Management Fees



| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | (10) | (13) |
| Stable | (10) | (13) |

Occupancy



| basis points | 2Q08 / 2Q07 | 2Q08 / 1Q08 |
|--------------|-------------|-------------|
| Same Store | (510) | (360) |
| Stable | (570) | (420) |

* Per occupied unit metrics not applicable for specialty care.

Portfolio Composition - Medical Office Buildings

(dollars in thousands)

| | Properties | Square Feet | Investment Balance | Total Revenues | Operating Expenses | NOI | Age | Occupancy |
|-----------------------|------------|------------------|-----------------------|-------------------|-----------------------|------------------|-----------|--------------|
| On Campus | 47 | 2,571,097 | \$ 703,739 | \$ 18,359 | \$ 6,485 | \$ 11,874 | 12 | 90.3% |
| Off Campus-Affiliated | 31 | 1,280,994 | 328,514 | 9,389 | 3,217 | 6,172 | 13 | 88.5% |
| Off Campus | 45 | 1,065,917 | 279,218 | 6,471 | 2,166 | 4,305 | 13 | 83.9% |
| Subtotal | 123 | 4,918,008 | 1,311,471 | 34,219 | 11,868 | 22,351 | 12 | 88.5% |
| Development | 4 | 688,081 | 64,994 | - | - | - | | |
| Land | 1 | - | 11,823 | | | | | |
| Total | 128 | 5,606,089 | \$ 1,388,288 | \$ 34,219 | \$ 11,868 | \$ 22,351 | | |

Portfolio Performance - Medical Office Buildings

(dollars in thousands)

| | 4Q07A | 1Q08A | 2Q08A | 3Q08A | 4Q08E |
|-------------------------------------|--------------|--------------|--------------|--------------|----------|
| Total MOB Performance | | | | | |
| Properties | 119 | 122 | 123 | 123 | |
| Square feet | 4,573,073 | 4,745,126 | 4,770,174 | 4,918,008 | |
| Investment balance | \$ 1,233,576 | \$ 1,262,003 | \$ 1,256,011 | \$ 1,311,471 | |
| Occupancy | 90.1% | 88.9% | 89.1% | 88.5% | |
| Total revenue | \$ 31,374 | \$ 33,443 | \$ 33,240 | \$ 34,219 | |
| Operating expenses | \$ 11,224 | \$ 11,367 | \$ 11,375 | \$ 11,868 | |
| NOI | \$ 20,150 | \$ 22,076 | \$ 21,865 | \$ 22,351 | |
| Total cap-ex / TI / LC | \$ 1,763 | \$ 765 | \$ 1,162 | \$ 1,555 | \$ 2,287 |
| Expired (square feet)* | 169,367 | 258,599 | 226,172 | 186,816 | 195,357 |
| Retained (square feet) | 138,340 | 205,195 | 157,228 | 113,997 | |
| Retention rate | 81.7% | 79.3% | 69.5% | 61.0% | |
| | 4Q07 | 1Q08 | 2Q08 | 3Q08 | 4Q08 |
| Same Store Performance | | | | | |
| Properties | 113 | 113 | 113 | 113 | |
| Square feet | 4,378,913 | 4,378,913 | 4,378,913 | 4,378,913 | |
| Investment balance | \$ 1,202,750 | \$ 1,183,197 | \$ 1,171,897 | \$ 1,161,177 | |
| Occupancy | 90.0% | 88.8% | 88.8% | 87.2% | |
| Total revenue | \$ 31,120 | \$ 31,463 | \$ 30,951 | \$ 30,946 | |
| Operating expenses | \$ 11,105 | \$ 10,757 | \$ 10,611 | \$ 10,922 | |
| NOI | \$ 20,015 | \$ 20,706 | \$ 20,340 | \$ 20,024 | |
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Remaining Lease Expirations* | | | | | |
| Square feet | 195,357 | 374,440 | 465,528 | 475,030 | 565,713 |
| % of total portfolio | 4.0% | 7.6% | 9.5% | 9.7% | 11.5% |

* Results and forecasts include month-to-month and holdover leases and exclude terminations.

Portfolio Concentration - Medical Office Buildings

(dollars in thousands)

| | Square Feet | % of Total |
|--------------------------------|------------------|---------------|
| By Tenant* | | |
| Tenet Healthcare | 343,314 | 7.0% |
| Baptist Health System Inc | 182,928 | 3.7% |
| Southwest Medical Associates | 160,855 | 3.3% |
| Community Health | 149,517 | 3.0% |
| Orange Regional Medical Center | 100,496 | 2.0% |
| Remaining portfolio | 3,980,898 | 81.0% |
| Total | 4,918,008 | 100.0% |

*Excludes development properties.

| | Properties | Square Feet | % of Total | Investment Balance | Balance per Square Foot |
|--------------------|------------|------------------|---------------|-----------------------|----------------------------|
| By Region* | | | | | |
| South Atlantic | 54 | 1,554,649 | 27.7% | \$ 411,606 | \$ 265 |
| West South Central | 17 | 884,514 | 15.8% | 220,538 | 249 |
| Middle Atlantic | 13 | 781,977 | 13.9% | 153,020 | 196 |
| East South Central | 13 | 710,971 | 12.7% | 127,301 | 179 |
| Mountain | 16 | 700,436 | 12.5% | 222,028 | 317 |
| East North Central | 6 | 475,483 | 8.5% | 84,891 | 179 |
| Pacific | 8 | 447,903 | 8.0% | 152,312 | 340 |
| West North Central | 1 | 50,156 | 0.9% | 16,592 | 331 |
| Total | 128 | 5,606,089 | 100.0% | \$ 1,388,288 | \$ 248 |

*Region definitions are derived from U.S. Census Bureau definitions and are itemized in the glossary.

| | Properties | Square Feet | % of Total | Investment Balance | Balance per Square Foot |
|---------------------|------------|------------------|---------------|-----------------------|----------------------------|
| By State | | | | | |
| Florida | 27 | 935,943 | 16.7% | \$ 283,489 | \$ 303 |
| Texas | 16 | 839,711 | 15.0% | 208,223 | 248 |
| New Jersey | 5 | 406,454 | 7.3% | 70,344 | 173 |
| California | 7 | 384,520 | 6.9% | 123,369 | 321 |
| Georgia | 15 | 358,566 | 6.4% | 86,204 | 240 |
| Arizona | 6 | 339,205 | 6.1% | 101,328 | 299 |
| Nevada | 9 | 324,845 | 5.8% | 113,396 | 349 |
| Alabama | 5 | 303,316 | 5.4% | 43,998 | 145 |
| Tennessee | 7 | 295,017 | 5.3% | 73,388 | 249 |
| Wisconsin | 1 | 293,629 | 5.2% | 38,216 | 130 |
| Remaining portfolio | 30 | 1,124,883 | 19.9% | 246,333 | 219 |
| Total | 128 | 5,606,089 | 100.0% | \$ 1,388,288 | \$ 248 |

Development Activity

(dollars in thousands)

| | Projects | Beds / Units / Square Feet | CIP Balance at 12/31/07 | 2008 YTD Funding | 2008 YTD Conversions (1) | CIP Balance at 9/30/08 |
|-------------------------------|-----------|-------------------------------|----------------------------|---------------------|-----------------------------|---------------------------|
| Development Properties | | | | | | |
| CCRC - entrance fee | 3 | 757 | \$ 44,477 | \$ 79,501 | \$ - | \$ 123,978 |
| CCRC - rental | 2 | 251 | 37,014 | 4,342 | (41,356) | - |
| Combination - entrance fee | 5 | 832 | 64,956 | 77,726 | (59,206) | 83,476 |
| Combination - rental | 18 | 2,008 | 78,589 | 102,382 | (51,482) | 129,489 |
| Freestanding dementia care | 3 | 186 | 7,425 | 10,539 | (7,854) | 10,110 |
| Freestanding skilled nursing | 2 | 240 | 9,593 | 12,816 | - | 22,409 |
| Specialty care | 5 | 312 | 33,019 | 60,560 | (35,151) | 58,428 |
| Medical office | 5 | 688,081 | 14,688 | 62,129 | (11,823) | 64,994 |
| Total | 43 | | \$ 289,761 | \$ 409,995 | \$ (206,872) | \$ 492,884 |
| Expansion Projects | | | | | | |
| CCRC - entrance fee | 3 | 91 | \$ 5,316 | \$ 4,706 | \$ (7,654) | \$ 2,368 |
| Combination - entrance fee | 5 | 129 | 18,634 | 16,474 | (32,687) | 2,421 |
| Total | 8 | | 23,950 | 21,180 | (40,341) | 4,789 |
| Development Total | 51 | | \$ 313,711 | \$ 431,175 | \$ (247,213) | \$ 497,673 |

Notes:

(1) Includes one parcel of land relating to a potential future MOB development that was reclassified to land and land improvements.

Development Funding Projections

(dollars in thousands)

| | | | | Projected Future Funding | | | | |
|-------------------------------|-----------|----------------------------------|------------------|--------------------------|------------------|-----------------------|-------------------------|-----------------------|
| | Projects | Beds / Units / Square Feet | Initial Yield | 2008 Funding | 2009 Funding | Funding Thereafter | Unfunded Commitments | Committed Balances |
| Development Properties | | | | | | | | |
| CCRC - entrance fee | 3 | 757 | 9.7% | \$ 34,687 | \$ 84,702 | \$ 15,659 | \$ 135,048 | \$ 259,026 |
| Combination - entrance fee | 4 | 618 | 8.7% | 21,263 | 74,853 | 8,883 | 104,999 | 188,475 |
| Combination - rental | 13 | 1,678 | 8.4% | 52,757 | 120,634 | 5,471 | 178,862 | 308,351 |
| Freestanding dementia care | 2 | 144 | 9.1% | 3,203 | 7,285 | 352 | 10,840 | 20,950 |
| Freestanding skilled nursing | 2 | 240 | 9.3% | 8,280 | 3,470 | 86 | 11,836 | 34,245 |
| Specialty care | 3 | 212 | 9.4% | 19,423 | 138,975 | 123,880 | 282,278 | 340,706 |
| Medical office | 4 | 688,081 | 7.5% | 26,122 | 106,529 | 11,336 | 143,987 | 208,981 |
| Total | 31 | | 8.8% | \$165,735 | \$536,448 | \$165,667 | \$ 867,850 | \$1,360,734 |
| Expansion Projects | | | | | | | | |
| CCRC - entrance fee | 3 | 41 | 9.2% | \$ 641 | \$ 5,290 | \$ - | \$ 5,931 | \$ 8,299 |
| Combination - entrance fee | 4 | 31 | 8.7% | 270 | 3,510 | - | 3,780 | 6,201 |
| Total | 7 | | 9.0% | 911 | 8,800 | - | 9,711 | 14,500 |
| Development Total | 38 | | 8.8% | \$166,646 | \$545,248 | \$165,667 | \$ 877,561 | \$1,375,234 |

Development Project Conversion Estimates*

(dollars in thousands)

| Quarterly Conversions | | | Annual Conversions | | |
|-----------------------|-------------------|-----------------------------------|--------------------|---------------------|-----------------------------------|
| | Amount | Projected Initial Cash Yields (1) | | Amount | Projected Initial Cash Yields (1) |
| 1Q08 actual | \$ 19,889 | 8.5% | 2008 estimate | \$ 245,226 | 9.5% |
| 2Q08 actual | 120,996 | 10.0% | 2009 estimate | 511,649 | 8.6% |
| 3Q08 actual | 54,164 | 9.3% | 2010 estimate | 588,408 | 8.9% |
| 4Q08 estimate | 50,177 | 8.8% | 2011 estimate | 210,500 | 9.3% |
| 1Q09 estimate | 23,202 | 9.1% | 2012+ estimate | - | 0.0% |
| 2Q09 estimate | 82,617 | 8.8% | Total | \$ 1,555,783 | 9.0% |
| 3Q09 estimate | 172,345 | 7.8% | | | |
| 4Q09 estimate | 233,485 | 9.0% | | | |
| Total | \$ 756,875 | 8.9% | | | |

* Excludes expansion projects and CIP reclassified as land

Notes:

(1) Actual initial yields may be higher if the underlying market rates increase.

Unstabilized Properties

(dollars in thousands)

| | 6/30/2008 Properties | Stabilized | Construction Conversions | Acquisitions/ Expansions | 9/30/08 Properties |
|------------------------------|-------------------------|------------|-----------------------------|-----------------------------|-----------------------|
| Property Type | | | | | |
| CCRC - entrance fee | 2 | 0 | 0 | 1 | 3 |
| CCRC - rental | 4 | 0 | 1 | 0 | 5 |
| Combination - entrance fee | 4 | 0 | 0 | 0 | 4 |
| Combination - rental | 16 | (5) | 2 | 0 | 13 |
| Freestanding assisted living | 4 | 0 | 0 | 0 | 4 |
| Freestanding dementia care | 7 | (1) | 1 | 0 | 7 |
| Freestanding skilled nursing | 3 | (2) | 0 | 1 | 2 |
| Specialty care | 4 | 0 | 0 | 1 | 5 |
| Total | 44 | (8) | 4 | 3 | 43 |

| | 9/30/08 Properties | Beds / Units | Investment Balance | % of Total Investment |
|------------------------------|-----------------------|--------------|-----------------------|--------------------------|
| Property Type | | | | |
| CCRC - entrance fee | 3 | 579 | \$ 115,353 | 2.0% |
| CCRC - rental | 5 | 908 | 100,659 | 1.7% |
| Combination - entrance fee | 4 | 862 | 177,083 | 3.1% |
| Combination - rental | 13 | 1,206 | 217,425 | 3.8% |
| Freestanding assisted living | 4 | 193 | 21,494 | 0.4% |
| Freestanding dementia care | 7 | 287 | 59,640 | 1.0% |
| Freestanding skilled nursing | 2 | 362 | 24,220 | 0.4% |
| Specialty care | 5 | 272 | 87,186 | 1.5% |
| Total | 43 | 4,669 | \$ 803,060 | 13.9% |

| | 6/30/2008 Properties | Stabilized | Construction Conversions | Acquisitions/ Expansions | Progressions | 9/30/08 Properties |
|------------------|-------------------------|------------|-----------------------------|-----------------------------|--------------|-----------------------|
| Occupancy | | | | | | |
| 0 - 50% | 13 | 0 | 4 | 0 | (1) | 16 |
| 50% - 70% | 7 | 0 | 0 | 1 | 1 | 9 |
| 70% + | 24 | (8) | 0 | 2 | 0 | 18 |
| Total | 44 | (8) | 4 | 3 | 0 | 43 |

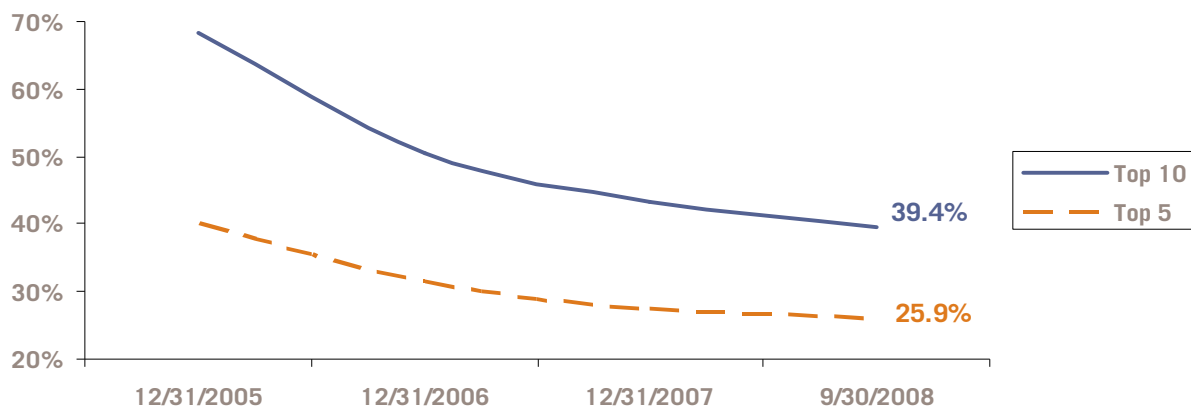
| | 9/30/08 Properties | Months In Operation | Revenues | % of Total Revenues (1) | Investment Balance | % of Total Investment |
|------------------|-----------------------|------------------------|------------------|----------------------------|-----------------------|--------------------------|
| Occupancy | | | | | | |
| 0 - 50% | 16 | 9 | \$ 7,263 | 1.3% | \$ 330,473 | 5.7% |
| 50% - 70% | 9 | 11 | 3,490 | 0.6% | 144,325 | 2.5% |
| 70% + | 18 | 21 | 7,266 | 1.3% | 328,262 | 5.7% |
| Total | 43 | 15 | \$ 18,019 | 3.2% | \$ 803,060 | 13.9% |

Notes:

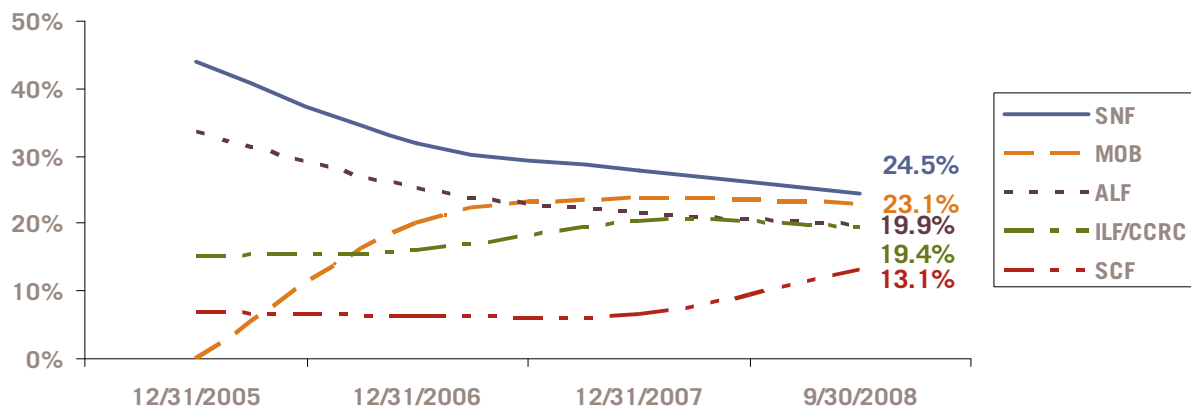
(1) Includes annualized revenues as presented on page 13.

Portfolio Trends

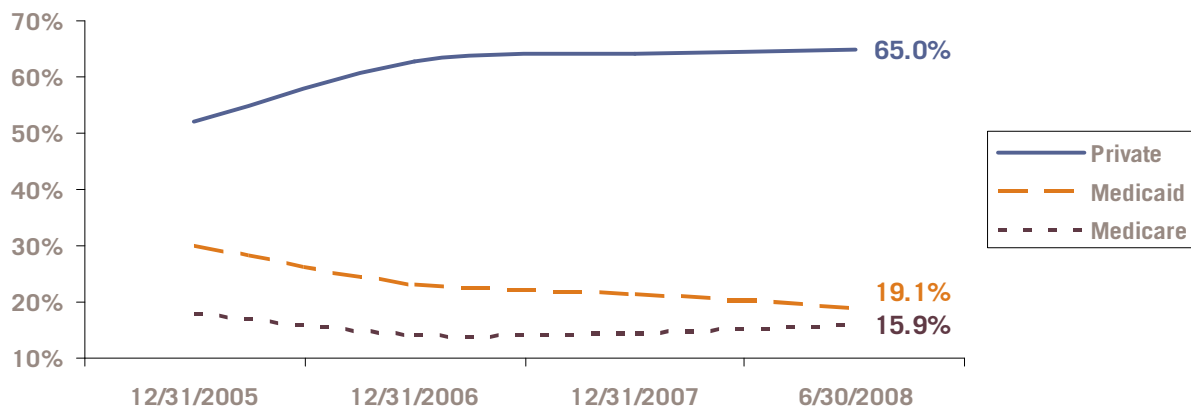
Operator Concentration Trend (1)



Property Type Trend (2)



Payor Mix Trend (3)



Notes:

- (1) Operator concentration trend based on investment balances for the dates presented
- (2) Property type trend based on committed investment balances for the dates presented.
- (3) Payor mix is weighted by investment balance including stable and unstabilized properties.

Age: Current year, less the year built, adjusted for major renovations.

Assisted Living: Assisted living facilities are state regulated rental properties that provide the same services as independent living facilities, but also provide supportive care from trained employees to residents who require assistance with activities of daily living, including management of medications, bathing, dressing, toileting, ambulating and eating.

CAMF: Coverage after management fees represents the ratio of EBITDAR to contractual rent for leases or interest and principal payments for loans. CAMF is a measure of a property's ability to generate sufficient cash flows for the operator/borrower to pay rent and meet other obligations. The coverage shown excludes properties that are unstabilized, closed or for which data is not available or meaningful.

Cap-ex, Tenant Improvements, Leasing Commissions: Represents amounts paid in cash for: 1) recurring and non-recurring capital expenditures required to maintain and re-tenant our properties, 2) second generation tenant improvements and 3) leasing commissions paid to third party leasing agents to secure new tenants.

CBMF: Coverage before management fees represents the ratio of EBITDARM to contractual rent for leases or interest and principal payments for loans. CBMF is a measure of a property's ability to generate sufficient cash flows for the operator/borrower to pay rent and meet other obligations, assuming that management fees are not paid. The coverage shown excludes properties that are unstabilized, closed or for which data is not available or meaningful.

CCRC: Continuing care retirement communities include a combination of detached homes, an independent living facility, an assisted living facility and/or a skilled nursing facility on one campus. Resident payment plans vary, but can include entrance fees, condominium fees and rental fees. Many of these communities also charge monthly maintenance fees in exchange for a living unit, meals and some health services.

Combination: A property that offers two or more levels of care (i.e. independent living, assisted living, dementia and skilled nursing), but does not meet the definition of a CCRC.

Committed Balance: Represents investment balance plus unfunded construction commitments for which initial funding has commenced.

Construction Conversion: Represents completed construction projects that were placed into service and began earning rent.

Dementia Care: Certain assisted living facilities may include state licensed settings that specialize in caring for those afflicted with Alzheimer's disease and/or similar forms of dementia.

EBITDAR: Earnings before interest, taxes, depreciation, amortization and rent. Management fees are imputed at 5% of revenues for independent living, assisted living, skilled nursing and CCRCs and at 3% for specialty care which the company believes represent typical management fees. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate EBITDAR and has not independently verified the information. EBITDAR is used to calculate CAMF.

EBITDARM: Earnings before interest, taxes, depreciation, amortization, rent and management fees. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate EBITDARM and has not independently verified the information. EBITDARM is used to calculate CBMF.

Entrance Fee: A property where the resident pays a substantial upfront fee and an ongoing monthly service fee for the right to occupy a unit. Typically, a portion of the upfront fee is refundable.

Expense per Occupied Unit: Represents the ratio of revenue less EBITDARM to occupied units based on the most recent quarter of available data and excludes properties that are unstabilized, closed, or for which data is not available or meaningful. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate expense per occupied unit and has not independently verified the information.

Freestanding: A property that offers one level of service.

Independent Living: Independent living facilities are age-restricted multi-family properties with central dining facilities that provide residents access to meals and other services such as housekeeping, linen service, transportation and social and recreational activities.

Initial Cash Yield: Represents annualized contractual income to be received in cash at date of investment divided by investment amount.

Investment Amount:

Acquisitions – Represents purchase price.

New loans – Represents face amount of new loan.

Construction conversion – Represents book balance converted from CIP to real property upon completion.

Capital improvements to existing properties – Represents cash funded to tenants under an existing lease agreement.

Loan advances – Represents cash funded to operators under an existing loan agreement.

Investment Balance: Represents net book value of real estate investments as reflected on the company's balance sheet.

Medical Office: Medical office buildings are office and clinic facilities, often located near hospitals or on hospital campuses, specifically constructed and designed for use by physicians and other health care personnel to provide services to their patients. They may also include ambulatory surgery centers that are used for general or specialty surgical procedures not requiring an overnight stay in a hospital. Medical office buildings typically contain sole and group physician practices and may provide laboratory and other patient services.

Metropolitan Statistical Area: Metropolitan statistical areas are geographic entities defined by the [U.S. Office of Management and Budget \(OMB\)](#) for use by Federal statistical agencies in collecting, tabulating and publishing Federal statistics. The NIC MAP™ Data and Analysis Service provides revenue, supply and demographic information for the IL/CCRC, assisted living, and skilled nursing service types and commonly aggregates the information for the top 31, top 75 and top 100 MSAs. The company provides investment balance information in the same categories as another measure of geographic concentration.

Occupancy: Medical office occupancy represents the percentage of total rentable square feet leased and occupied, including month-to-month leases, as of the date reported. Occupancy for all other property types represents average quarterly operating occupancy based on the most recent quarter of available data and excludes properties that are unstabilized, closed or for which data is not available or meaningful. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate occupancy and has not independently verified the information.

Off Campus: Properties that are neither on campus nor off campus affiliated.

Off Campus-Affiliated: Properties not on campus are considered affiliated with a hospital or health system if one or more of the following conditions are met: 1) a ground lease is maintained with a hospital or system entity; 2) a master lease is maintained with a hospital or system entity; 3) significant square footage is leased to a hospital or system entity; 4) the property includes an ambulatory surgery center with a hospital partnership interest.

On Campus: Properties are considered on campus if one or more of the following criteria are met: 1) the land parcel is contained within the physical boundaries of a hospital campus; 2) the land parcel is located adjacent to the campus; or 3) the building is physically connected to the hospital regardless of the land ownership structure.

Region Definitions: Eight divisions as established by the Census Bureau.

New England – Connecticut , Maine , Massachusetts, New Hampshire, Rhode Island, Vermont.

Middle Atlantic – New Jersey, New York, Pennsylvania.

East North Central – Indiana, Illinois, Michigan, Ohio, Wisconsin.

West North Central – Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

South Atlantic – Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia.

East South Central – Alabama, Kentucky, Mississippi, Tennessee.

West South Central – Arkansas, Louisiana, Oklahoma, Texas.

Mountain – Arizona, Colorado, Idaho, New Mexico, Montana, Utah, Nevada, Wyoming.

Pacific – Alaska, California, Hawaii, Oregon, Washington.

Renewal Rate: The ratio of total square feet expiring and available for lease to total renewed square feet.

Renewed Square Feet: Square feet expiring during the reporting period upon which a lease is executed by the current occupant.

Rental: A property where the resident pays a monthly market rate for the level of care provided, but is not required to pay a substantial upfront fee.

Revenue per Occupied Unit: Represents the ratio of total revenue to occupied units based on the most recent quarter of available data and excludes properties that are unstabilized, closed, or for which data is not available or meaningful. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate revenue per occupied unit and has not independently verified the information.

Same Store: For the medical office building portfolio, same store is defined as those properties in the portfolio as of October 1, 2007. For all other property types, same store is defined as those properties in the stable portfolio for the 24 months preceding the end of the portfolio performance reporting period, unless otherwise noted.

Skilled Nursing: Skilled nursing facilities are licensed daily rate or rental properties where the majority of individuals require 24-hour nursing and/or medical care. Generally, these properties are licensed for Medicaid and/or Medicare reimbursement.

Specialty Care: Specialty care facilities generally include acute care hospitals, long-term acute care hospitals and other specialty care facilities. Acute care hospitals provide a wide range of inpatient and outpatient services, including, but not limited to, surgery, rehabilitation, therapy and clinical laboratories. Long-term acute care hospitals provide inpatient services for patients with complex medical conditions who require more intensive care, monitoring or emergency support than that available in most skilled nursing facilities. Other specialty care facilities typically provide specialized inpatient and outpatient care for specific illnesses or diseases, including, among others, orthopedic and neurologic care.

Square Feet: Net rentable square feet calculated utilizing Building Owners and Managers Association measurement standards.

Stable: A facility will enter the stable portfolio after it has generated CAMF of 1.10x or greater for three consecutive months. Additionally, a facility will enter the stable portfolio if a facility fails to meet the above criteria in the 12 months following the budgeted stabilization date.

Unstabilized: An acquisition that does not meet the stable criteria upon closing or a construction property that has opened but not yet reached stabilization.

Yield on Sale: Represents annualized contractual income that was being received in cash at date of disposition divided by disposition cash proceeds.

The company believes that net income available to common stockholders (NICS), as defined by U.S. generally accepted accounting principles (U.S. GAAP), is the most appropriate earnings measurement. However, the company considers funds from operations (FFO) and funds available for distribution (FAD) to be useful supplemental measures of its operating performance. Historical cost accounting for real estate assets in accordance with U.S. GAAP implicitly assumes that the value of real estate assets diminishes predictably over time as evidenced by the provision for depreciation. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts (NAREIT) created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO, as defined by NAREIT, means net income, computed in accordance with U.S. GAAP, excluding gains (or losses) from sales of real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Normalized FFO represents FFO adjusted for unusual and non-recurring items. FAD represents FFO excluding the net straight-line rental adjustments, rental income related to above/below market leases and amortization of deferred loan expenses and less cash used to fund capital expenditures, tenant improvements and lease commissions. Normalized FAD represents FAD excluding prepaid/straight-line rent cash receipts and adjusted for unusual and non-recurring items.

EBITDA stands for earnings before interest, taxes, depreciation and amortization. A covenant in our line of credit arrangement contains a financial ratio based on a definition of EBITDA that is specific to that agreement. Failure to satisfy this covenant could result in an event of default that could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. Due to the materiality of this debt agreement and the financial covenant, we have disclosed Adjusted EBITDA, which represents EBITDA as defined above and adjusted for stock-based compensation expense, provision for loan losses and gain/loss on extinguishment of debt. We use Adjusted EBITDA to measure our adjusted fixed charge coverage ratio, which represents Adjusted EBITDA divided by fixed charges on a trailing twelve months basis. Fixed charges include total interest (excluding capitalized interest), secured debt principal amortization and preferred dividends. Our covenant requires an adjusted fixed charge ratio of at least 1.75 times.

Net operating income (NOI) is used to evaluate the operating performance of the company's properties. The company defines NOI as total revenues, including tenant reimbursements and discontinued operations, less property operating expenses, which exclude depreciation and amortization, general and administrative expenses, impairments and interest expense. The company believes NOI provides investors relevant and useful information because it measures the operating performance of the company's properties at the property level on an unleveraged basis. The company uses NOI to make decisions about resource allocations and to assess the property level performance.

Other than Adjusted EBITDA, the company's supplemental reporting measures are financial measures that are widely used by investors, equity and debt analysts and rating agencies in the valuation, comparison, rating and investment recommendations of companies. The company's management uses these financial measures to facilitate internal and external comparisons to historical operating results and in making operating decisions. Additionally, they are utilized by the Board of Directors to evaluate management. Adjusted EBITDA is used solely to determine our compliance with a financial covenant of our line of credit arrangement and is not being presented for use by investors for any other purpose. None of the supplemental reporting measures represent net income or cash flow provided from operating activities as determined in accordance with U.S. GAAP and should not be considered as alternative measures of profitability or liquidity. Finally, the supplemental reporting measures, as defined by the company, may not be comparable to similarly entitled items reported by other real estate investment trusts or other companies.

A series of five horizontal lines in blue, green, black, orange, and red colors spanning the width of the page.

HEALTH CARE REIT, INC.
One SeaGate, Suite 1500
P. O. Box 1475
Toledo, OH 43603-1475
419.247.2800 main
419.247.2826 fax
www.hcreit.com