

HEALTHCARE  REIT

**1Q10 SUPPLEMENTAL INFORMATION**

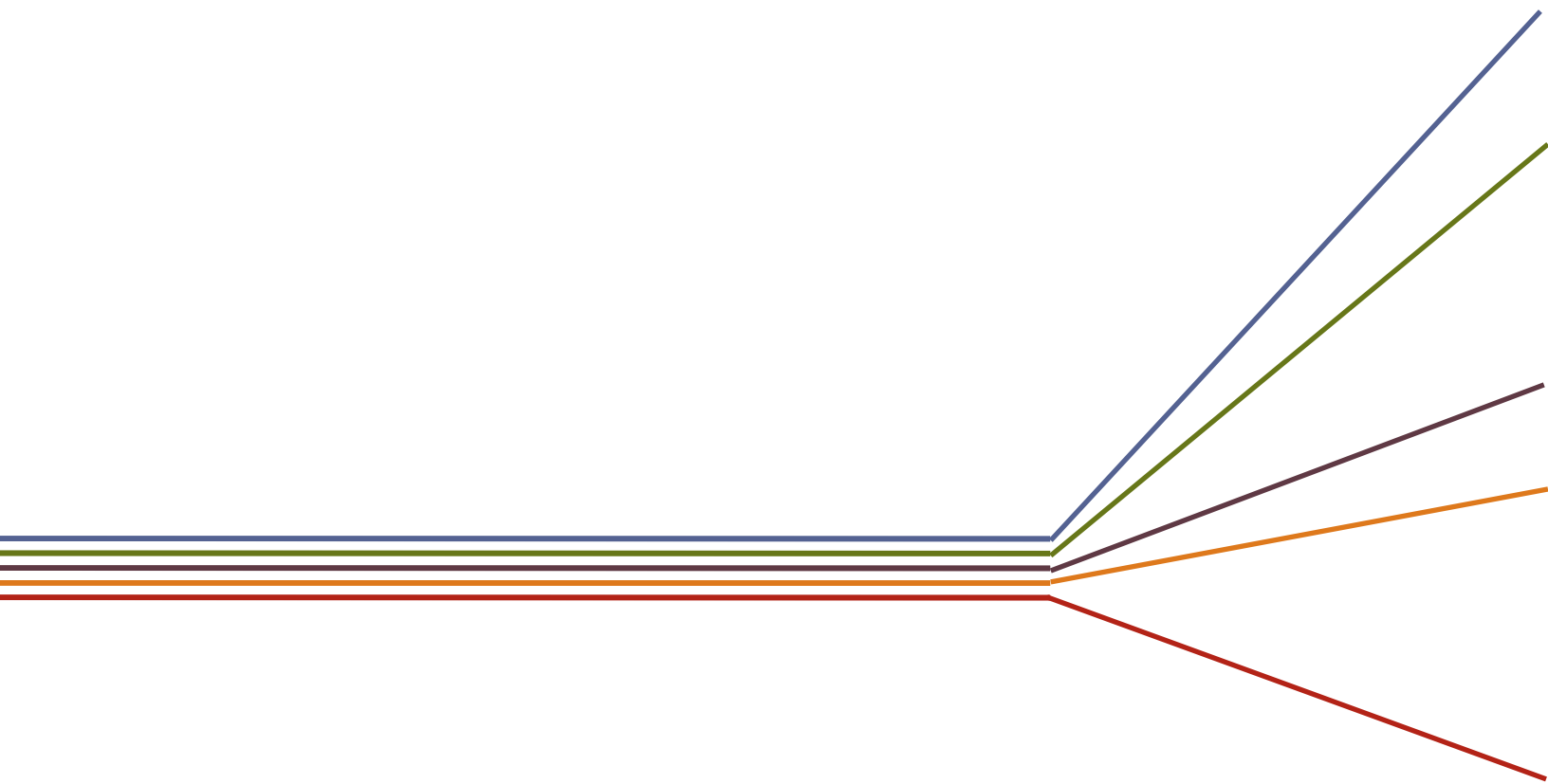
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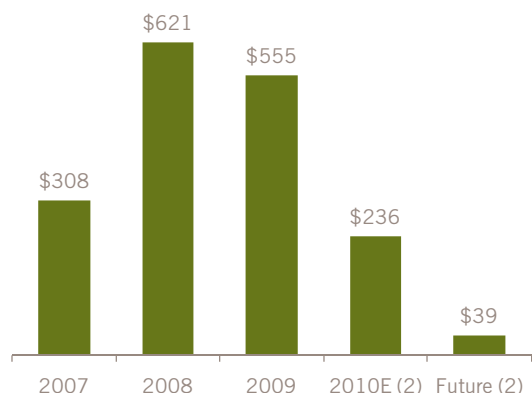
**HEALTH CARE REIT, INC.**, founded in 1970, is a leading investor in senior living and health care real estate. The company, with an enterprise value of \$8.9 billion, has a portfolio that spans the full spectrum of health care real estate, including senior living communities, medical office buildings, inpatient and outpatient medical centers and life sciences facilities. The company adds value to its clients by providing comprehensive services including planning, developing, managing, repositioning, and monetizing real estate assets.

Data as of: March 31, 2010  
 NYSE Symbol: HCN  
 Closing Price: \$45.23  
 52 Week Hi/Low: \$46.79/\$29.62  
 Dividend/Yield: \$2.72/6.01%  
 Shares Outstanding: 124.0 million

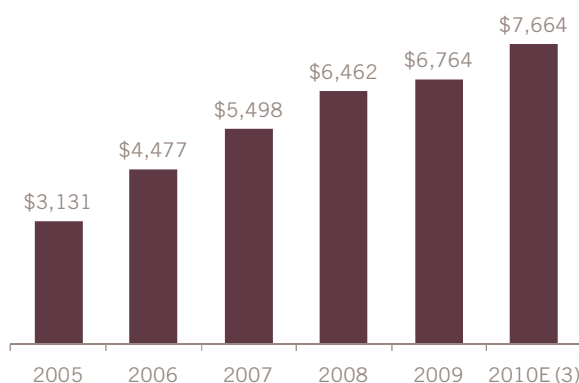
Enterprise Value (1): \$8.9 billion  
 Gross Real Estate Assets (1): \$7.4 billion  
 Debt to Market Capitalization: 32%  
 Debt to Book Capitalization: 43%  
 Senior Debt Ratings: Baa2/BBB-/BBB

Investment Concentration\*  
 Top 5 Customers (1) 25%  
 Top 5 States (1) 48%  
 \* % of total investments

#### DEVELOPMENT FUNDING \$ millions



#### GROSS REAL ESTATE ASSETS (1) \$ millions



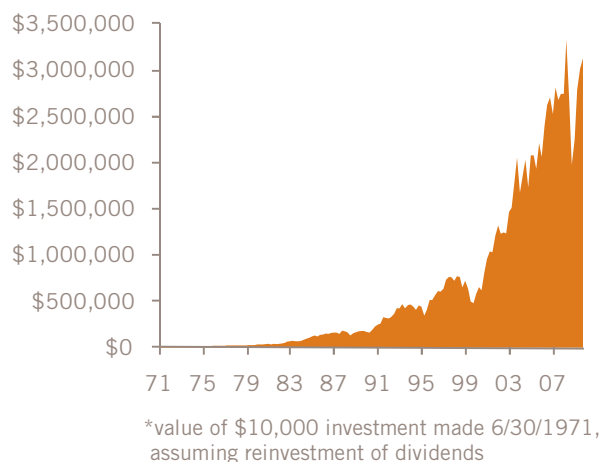
#### Notes:

- (1) Includes joint venture investments.
- (2) Represents projected future funding for projects underway as of March 31, 2010.
- (3) Based on mid-point of HCN 2010 net investment guidance of \$700 million to \$1.1 billion.

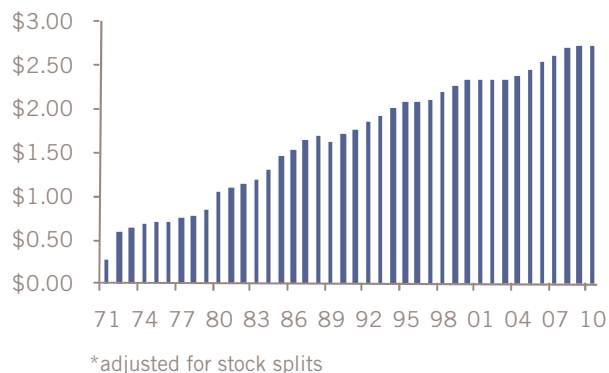
## SECURE DIVIDEND

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 156 consecutive quarterly dividends during its 40-year history and remains focused on delivering attractive stockholder returns.

### GROWTH SINCE INCEPTION\*



### SOLID DIVIDEND PAYMENT RECORD\*



### TOTAL RETURNS\*

1 year	58.3%
3 years	7.5%
5 years	14.2%
10 years	21.3%
20 years	15.5%
Since inception	16.0%

\*assumes reinvestment of dividends

## RELATIONSHIP FOCUSED, LONG-TERM STRATEGY\*

Health Care REIT's investment philosophy is based on establishing long-term relationships with health care systems and senior living operators. Throughout the company's 40-year history, it has been a long-term capital provider and partner adding value to its clients through comprehensive planning, development and property management services. The relationship with Health Care REIT enables our tenants to grow profitably, while concentrating on what they do best – providing quality care to patients and residents.

## SPEED AND CERTAINTY OF EXECUTION

Health Care REIT's experience and knowledge enable it to make investment decisions within days, rather than weeks or months. The company has accessed over \$4.3 billion in capital in the last five years, including \$998 million in 2009 and \$359 million during the three months ended March 31, 2010. The company's \$1.15 billion line of credit ensures new investments will be funded on time.

## ANALYST COVERAGE

Robert W. Baird & Co.  
Bank of America Merrill Lynch  
BMO Capital Markets Corp.  
Deutsche Bank Securities Inc.  
Goldman Sachs & Co.  
Green Street Advisors, Inc.  
J.J.B. Hilliard, W.L. Lyons, LLC  
Jefferies & Company, Inc.  
J.P. Morgan Securities Inc.  
KeyBanc Capital Markets Inc.  
Morgan Keegan & Co., Inc.  
Raymond James & Associates, Inc.  
Stifel Nicolaus & Company, Inc.  
UBS Securities LLC  
Wells Fargo Securities, LLC

## INVESTOR RELATIONS

### ANALYST / INVESTOR CONTACT

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

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

### GENERAL INQUIRIES

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



**George L. Chapman**  
*Chairman, CEO & President*

Mr. Chapman is currently Chairman, Chief Executive Officer and President of the company. He has served as Chairman and Chief Executive Officer since October 1996, and previously 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.



**Jeffrey H. Miller**  
*EVP-Operations & General Counsel*

Mr. Miller is currently Executive Vice President-Operations and General Counsel. He served as Executive Vice President and General Counsel from March 2006 to January 2009 and Vice President and General Counsel of the company from July 2004 to March 2006. From 1996 to June 2004, Mr. Miller was a partner in the real estate practice group of the law firm of Shumaker, Loop & Kendrick, LLP.



**Scott A. Estes**  
*EVP & CFO*

Mr. Estes is currently Executive Vice President and Chief Financial Officer. He 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/tenants and properties; its occupancy rates; its ability to acquire, develop and/or 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 to stockholders; 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, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost-effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care, senior housing and life sciences 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; 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 or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; regulatory approval and market acceptance of the products and technologies of life sciences tenants; 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.

## Additional Information

The information in this supplemental information package should be read in conjunction with the company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, the company’s earnings press release dated May 3, 2010 and other information filed with, or furnished to, the Securities and Exchange Commission (“SEC”). The Supplemental Reporting Measures and reconciliation of Non-GAAP measures are an integral part of the information presented herein.

On the company’s website at <http://www.hcreit.com>, you can access, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they are filed with, or furnished to, the SEC. The information on or connected to the company’s website is not, and shall not be deemed to be, a part of, or incorporated into this supplemental information package. You can review these SEC filings and other information by accessing the SEC’s website at <http://www.sec.gov>.

## Consolidated Balance Sheets (unaudited)

(dollars in thousands)

	March 31,	
	2010	2009
<b>Assets</b>		
<b>Real estate investments:</b>		
<b>Real property owned</b>		
Land and land improvements	\$ 551,594	\$ 504,145
Buildings and improvements	5,512,467	4,652,920
Acquired lease intangibles	147,957	133,457
Real property held for sale, net of accumulated depreciation	27,607	35,520
Construction in progress	374,849	763,982
<b>Gross real property owned</b>	<b>6,614,474</b>	<b>6,090,024</b>
Less accumulated depreciation and amortization	(718,671)	(627,898)
<b>Net real property owned</b>	<b>5,895,803</b>	<b>5,462,126</b>
Real estate loans receivable (1)	444,457	480,719
Less allowance for losses on loans receivable	(5,025)	(7,640)
<b>Net real estate loans receivable</b>	<b>439,432</b>	<b>473,079</b>
<b>Net real estate investments</b>	<b>6,335,235</b>	<b>5,935,205</b>
<b>Other assets:</b>		
Equity investments	166,654	836
Deferred loan expenses	25,405	25,097
Cash and cash equivalents	36,558	19,180
Restricted cash	17,692	16,358
Receivables and other assets (2)	192,834	168,318
<b>Total other assets</b>	<b>439,143</b>	<b>229,789</b>
<b>Total assets</b>	<b>\$ 6,774,378</b>	<b>\$ 6,164,994</b>
<b>Liabilities and equity</b>		
<b>Liabilities:</b>		
Borrowings under unsecured lines of credit arrangements	\$ 425,000	\$ 335,000
Senior unsecured notes	1,677,518	1,810,537
Secured debt	725,969	444,336
Accrued expenses and other liabilities	185,975	124,514
<b>Total liabilities</b>	<b>3,014,462</b>	<b>2,714,387</b>
<b>Equity:</b>		
Preferred stock	287,974	288,728
Common stock	123,979	110,945
Capital in excess of par value	3,916,837	3,428,472
Treasury stock	(11,303)	(7,577)
Cumulative net income	1,578,990	1,421,043
Cumulative dividends	(2,147,690)	(1,805,329)
Accumulated other comprehensive income	(4,092)	(1,348)
Other equity	5,539	5,187
<b>Total Health Care REIT, Inc. stockholders' equity</b>	<b>3,750,234</b>	<b>3,440,121</b>
Noncontrolling interests	9,682	10,486
<b>Total equity</b>	<b>3,759,916</b>	<b>3,450,607</b>
<b>Total liabilities and equity</b>	<b>\$ 6,774,378</b>	<b>\$ 6,164,994</b>

Notes:

- (1) Includes non-accrual loan balances of \$78,104,000 and \$72,721,000 at March 31, 2010 and 2009, respectively.  
 (2) Includes net straight-line receivable balances of \$82,056,000 and \$64,016,000 at March 31, 2010 and 2009, respectively.



## Consolidated Statements of Income (unaudited)

(amounts in thousands except per share data)

	Three Months Ended March 31,	
	2010	2009
<b>Revenues:</b>		
Rental income	\$ 142,715	\$ 127,409
Interest income	9,048	9,953
Other income	996	1,484
<b>Total revenues</b>	<b>152,759</b>	<b>138,846</b>
<b>Expenses:</b>		
Interest expense	29,791	26,679
Property operating expenses	12,513	11,049
Depreciation and amortization	43,387	38,198
General and administrative expenses	16,821	17,361
Transaction costs	7,714	-
Loss (gain) on extinguishment of debt	18,038	(1,678)
Provision for loan losses	-	140
<b>Total expenses</b>	<b>128,264</b>	<b>91,749</b>
Income from continuing operations before income taxes and income from unconsolidated joint ventures	24,495	47,097
Income tax expense	(84)	(50)
Income from unconsolidated joint ventures	768	-
<b>Income from continuing operations</b>	<b>25,179</b>	<b>47,047</b>
<b>Discontinued operations:</b>		
Gain (loss) on sales of properties	6,718	17,036
Income from discontinued operations, net	(203)	2,562
<b>Discontinued operations, net</b>	<b>6,515</b>	<b>19,598</b>
<b>Net income</b>	<b>31,694</b>	<b>66,645</b>
Less: Preferred stock dividends	5,509	5,524
Net income (loss) attributable to noncontrolling interests	373	2
<b>Net income attributable to common stockholders</b>	<b>\$ 25,812</b>	<b>\$ 61,119</b>
Average number of common shares outstanding:		
Basic	123,270	108,214
Diluted	123,790	108,624
Net income attributable to common stockholders per share:		
Basic	\$ 0.21	\$ 0.56
Diluted	\$ 0.21	\$ 0.56
Common dividends per share	\$ 0.68	\$ 0.68

## Funds From Operations Reconciliation \*

(amounts in thousands except per share data)

	Three Months Ended March 31,	
	2010	2009
<b>Net income attributable to common stockholders</b>	<b>\$ 25,812</b>	<b>\$ 61,119</b>
Depreciation and amortization (1)	43,581	41,326
Loss (gain) on sales of properties	(6,718)	(17,036)
Noncontrolling interests (2)	(363)	(87)
Unconsolidated joint ventures (3)	775	-
<b>Funds from operations</b>	<b>63,087</b>	<b>85,322</b>
Normalizing items, net (4)	29,333	2,371
<b>Funds from operations — normalized</b>	<b>\$ 92,420</b>	<b>\$ 87,693</b>
Average common shares outstanding:		
Basic	123,270	108,214
Diluted	123,790	108,624
<b>Per share data:</b>		
Net income attributable to common stockholders		
Basic	\$ 0.21	\$ 0.56
Diluted	\$ 0.21	\$ 0.56
Funds from operations		
Basic	\$ 0.51	\$ 0.79
Diluted	\$ 0.51	\$ 0.79
Funds from operations — normalized		
Basic	\$ 0.75	\$ 0.81
Diluted	\$ 0.75	\$ 0.81
<b>FFO Payout Ratio</b>		
Dividends per share	\$ 0.68	\$ 0.68
FFO per diluted share	\$ 0.51	\$ 0.79
FFO payout ratio	133%	86%
<b>FFO Payout Ratio — Normalized</b>		
Dividends per share	\$ 0.68	\$ 0.68
FFO per diluted share — normalized	\$ 0.75	\$ 0.81
FFO payout ratio — normalized	91%	84%

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

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

(2) Represents noncontrolling interests' share of depreciation and amortization.

(3) Represents HCN's share of unconsolidated joint venture's depreciation and amortization.

(4) See page 13 for schedule of normalizing items.

## Funds Available for Distribution Reconciliation \*

(amounts in thousands except per share data)

	Three Months Ended March 31,	
	2010	2009
<b>Net income attributable to common stockholders</b>	<b>\$ 25,812</b>	<b>\$ 61,119</b>
Depreciation and amortization (1)	43,581	41,326
Loss (gain) on sales of properties	(6,718)	(17,036)
Noncontrolling interests (2)	(340)	(106)
Unconsolidated joint ventures (3)	299	-
Gross straight-line rental income	(4,453)	(5,030)
Prepaid/straight-line rent receipts	1,738	7,889
Amortization related to above/(below) market leases, net	(487)	(356)
Non-cash interest expense	2,841	2,772
Cap-ex, tenant improvements, lease commissions	(3,771)	(2,425)
<b>Funds available for distribution</b>	<b>58,502</b>	<b>88,153</b>
Normalizing items, net (4)	29,333	2,371
Prepaid/straight-line rent receipts	(1,738)	(7,889)
<b>Funds available for distribution — normalized</b>	<b>\$ 86,097</b>	<b>\$ 82,635</b>
Average common shares outstanding:		
Basic	123,270	108,214
Diluted	123,790	108,624
<b>Per share data:</b>		
Net income attributable to common stockholders		
Basic	\$ 0.21	\$ 0.56
Diluted	\$ 0.21	\$ 0.56
Funds available for distribution		
Basic	\$ 0.47	\$ 0.81
Diluted	\$ 0.47	\$ 0.81
Funds available for distribution — normalized		
Basic	\$ 0.70	\$ 0.76
Diluted	\$ 0.70	\$ 0.76
<b>FAD Payout Ratio</b>		
Dividends per share	\$ 0.68	\$ 0.68
FAD per diluted share	\$ 0.47	\$ 0.81
FAD payout ratio	145%	84%
<b>FAD Payout Ratio — Normalized</b>		
Dividends per share	\$ 0.68	\$ 0.68
FAD per diluted share — normalized	\$ 0.70	\$ 0.76
FAD payout ratio — normalized	97%	89%

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

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

(2) Represents noncontrolling interests' share of depreciation and amortization, gross straight-line rental income, amortization of above/below market leases and non-cash interest expense.

(3) Represents HCN's share of unconsolidated joint venture's depreciation and amortization, gross straight-line rental income, amortization of above/below market leases and non-cash interest expense.

(4) See page 13 for schedule of normalizing items.

## Adjusted EBITDA Reconciliation \*

(dollars in thousands)

	Twelve Months Ended				
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010
<b>Net income</b>	<b>\$ 314,613</b>	<b>\$ 218,112</b>	<b>\$ 183,478</b>	<b>\$ 192,927</b>	<b>\$ 157,976</b>
Interest expense (3)	131,750	122,927	116,406	109,772	111,746
Income tax expense	77	54	152	168	201
Depreciation and amortization (3)	164,797	165,898	165,292	164,923	167,177
Stock-based compensation (4)	11,248	10,922	10,525	9,633	10,619
Provision for loan losses	234	234	234	23,261	23,121
Loss (gain) on extinguishment of debt	(2,446)	(2,446)	24,696	25,107	44,822
<b>Adjusted EBITDA</b>	<b>\$ 620,273</b>	<b>\$ 515,701</b>	<b>\$ 500,783</b>	<b>\$ 525,791</b>	<b>\$ 515,662</b>
<b>Interest Coverage Ratio (1)</b>					
Interest expense (3)	\$ 131,750	\$ 122,927	\$ 116,406	\$ 109,772	\$ 111,746
Capitalized interest (5)	29,727	35,690	39,301	41,170	38,381
Non-cash interest expense	(11,214)	(11,289)	(11,410)	(11,898)	(11,967)
<b>Total interest</b>	<b>\$ 150,263</b>	<b>\$ 147,328</b>	<b>\$ 144,297</b>	<b>\$ 139,044</b>	<b>\$ 138,160</b>
Adjusted EBITDA	\$ 620,273	\$ 515,701	\$ 500,783	\$ 525,791	\$ 515,662
<b>Adjusted interest coverage ratio</b>	<b>4.13x</b>	<b>3.50x</b>	<b>3.47x</b>	<b>3.78x</b>	<b>3.73x</b>
<b>Fixed Charge Coverage Ratio (2)</b>					
Total interest (3)	\$ 150,263	\$ 147,328	\$ 144,297	\$ 139,044	\$ 138,160
Secured debt principal amortization	8,232	8,592	8,810	9,292	10,464
Preferred dividends	22,579	22,311	22,101	22,079	22,064
<b>Total fixed charges</b>	<b>\$ 181,074</b>	<b>\$ 178,231</b>	<b>\$ 175,208</b>	<b>\$ 170,415</b>	<b>\$ 170,688</b>
Adjusted EBITDA	\$ 620,273	\$ 515,701	\$ 500,783	\$ 525,791	\$ 515,662
<b>Adjusted fixed charge coverage ratio</b>	<b>3.43x</b>	<b>2.89x</b>	<b>2.86x</b>	<b>3.09x</b>	<b>3.02x</b>
<b>Net Debt to EBITDA Ratio</b>					
Total debt	\$ 2,589,873	\$ 2,697,432	\$ 2,420,487	\$ 2,414,022	\$ 2,828,487
Less: cash and cash equivalents	(19,180)	(79,505)	(102,353)	(35,476)	(36,558)
<b>Net debt</b>	<b>\$ 2,570,693</b>	<b>\$ 2,617,927</b>	<b>\$ 2,318,134</b>	<b>\$ 2,378,546</b>	<b>\$ 2,791,929</b>
Adjusted EBITDA	620,273	515,701	500,783	525,791	515,662
<b>Net debt to adjusted EBITDA ratio</b>	<b>4.14x</b>	<b>5.08x</b>	<b>4.63x</b>	<b>4.52x</b>	<b>5.41x</b>

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

(1) A comparable covenant in our senior unsecured notes is a minimum of 1.50 times.

(2) A comparable covenant in our unsecured line of credit arrangement is a minimum of 1.75 times.

(3) Interest expense and depreciation and amortization include discontinued operations.

(4) Stock-based compensation expense was \$7,552,000 for the three months ended March 31, 2010.

(5) Capitalized interest was \$7,076,000 for the three and three months ended March 31, 2010.

# Net Operating Income Reconciliation \*

(dollars in thousands)

Three Months Ended

March 31,

	2010	2009
Total revenues:		
Senior housing and care:		
Rental income (2):		
Senior housing	\$ 52,366	\$ 47,704
Skilled nursing	40,872	41,731
<b>Sub-total rental income</b>	<b>93,238</b>	<b>89,435</b>
Interest income	8,575	8,723
Other income	494	792
<b>Total senior housing and care income</b>	<b>102,307</b>	<b>98,950</b>
Medical facilities:		
Rental income (2):		
Medical office	40,088	33,253
Hospitals	10,781	12,677
Life sciences (1)	3,725	-
<b>Sub-total rental income</b>	<b>54,594</b>	<b>45,930</b>
Interest income	473	1,230
Other income	271	316
<b>Total medical facilities income</b>	<b>55,338</b>	<b>47,476</b>
Non-segment/corporate other income	231	376
<b>Total revenues</b>	<b>157,876</b>	<b>146,802</b>
Property operating expenses:		
Senior housing and care	-	-
Medical facilities (1,2)	14,821	11,983
Non-segment/corporate	-	-
<b>Total property operating expenses</b>	<b>14,821</b>	<b>11,983</b>
Net operating income:		
Senior housing and care	102,307	98,950
Medical facilities	40,517	35,493
Non-segment/corporate	231	376
<b>Net operating income</b>	<b>\$ 143,055</b>	<b>\$ 134,819</b>

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

(1) Includes HCN's share of revenues and expenses from unconsolidated joint ventures. Please see page 30 for additional information.

(2) The three months ended March 31, 2010 includes the following amounts (in thousands):

Rental income from discontinued operations:	
Senior housing	\$ 134
Skilled nursing	476
Medical office	782
Total	<b>\$ 1,392</b>
Non-cash rental income from continuing operations:	
Senior housing	\$ 1,799
Skilled nursing	758
Hospitals	325
Medical office	2,133
Life sciences (1)	331
Total	<b>\$ 5,346</b>
Property operating expenses from discontinued operations:	
Medical office	\$ 479
Hospitals	728
Total	<b>\$ 1,207</b>

## Outlook Reconciliation: Year ended December 31, 2010

(amounts in thousands except per share data)

	Prior Outlook		Current Outlook	
	Low	High	Low	High
<b>Investments:</b>				
Acquisitions/Joint Ventures	\$ 700,000	\$ 800,000	\$ 700,000	\$1,000,000
Development	300,000	400,000	300,000	400,000
Gross new investments	1,000,000	1,200,000	1,000,000	1,400,000
Dispositions	(300,000)	(300,000)	(300,000)	(300,000)
Net new investments	700,000	900,000	700,000	1,100,000
<b>FFO Reconciliation*</b>				
<b>Net income attributable to common stockholders</b>	<b>\$ 178,420</b>	<b>\$ 197,170</b>	<b>\$ 170,340</b>	<b>\$ 182,840</b>
Loss (gain) on sales of properties	-	-	(6,718)	(6,718)
Depreciation and amortization (1)	206,500	206,500	188,000	188,000
Noncontrolling interests (2)	-	-	(1,455)	(1,455)
Unconsolidated joint ventures (3)	-	-	8,000	8,000
<b>Funds from operations</b>	<b>\$ 384,920</b>	<b>\$ 403,670</b>	<b>\$ 358,167</b>	<b>\$ 370,667</b>
Normalizing items, net (4)	2,580	2,580	29,333	29,333
<b>Funds from operations - normalized</b>	<b>\$ 387,500</b>	<b>\$ 406,250</b>	<b>\$ 387,500</b>	<b>\$ 400,000</b>
Per share data (diluted):				
<b>Net income attributable to common stockholders</b>	<b>\$ 1.43</b>	<b>\$ 1.58</b>	<b>\$ 1.36</b>	<b>\$ 1.46</b>
<b>Funds from operations</b>	<b>3.08</b>	<b>3.23</b>	<b>2.87</b>	<b>2.97</b>
<b>Funds from operations - normalized</b>	<b>3.10</b>	<b>3.25</b>	<b>3.10</b>	<b>3.20</b>
<b>FAD Reconciliation*</b>				
<b>Net income attributable to common stockholders</b>	<b>\$ 178,420</b>	<b>\$ 197,170</b>	<b>\$ 170,340</b>	<b>\$ 182,840</b>
Loss (gain) on sales of properties	-	-	(6,718)	(6,718)
Depreciation and amortization (1)	206,500	206,500	188,000	188,000
Gross straight-line rental income	(18,000)	(18,000)	(16,500)	(16,500)
Prepaid/straight-line rent receipts	-	-	1,738	1,738
Amortization related to above (below) market leases, net	(6,500)	(6,500)	(3,600)	(3,600)
Non-cash interest expense	13,000	13,000	13,500	13,500
Cap-ex, tenant improvements, lease commissions	(17,000)	(17,000)	(17,000)	(17,000)
Noncontrolling interests (2)	-	-	(1,365)	(1,365)
Unconsolidated joint ventures (3)	-	-	3,055	3,055
<b>Funds available for distribution</b>	<b>\$ 356,420</b>	<b>\$ 375,170</b>	<b>\$ 331,450</b>	<b>\$ 343,950</b>
Normalizing items, net (4)	2,580	2,580	29,333	29,333
Prepaid/straight-line rent receipts	-	-	(1,738)	(1,738)
<b>Funds available for distribution - normalized</b>	<b>\$ 359,000</b>	<b>\$ 377,750</b>	<b>\$ 359,045</b>	<b>\$ 371,545</b>
Per share data (diluted):				
<b>Net income attributable to common stockholders</b>	<b>\$ 1.43</b>	<b>\$ 1.58</b>	<b>\$ 1.36</b>	<b>\$ 1.46</b>
<b>Funds available for distribution</b>	<b>2.85</b>	<b>3.00</b>	<b>2.65</b>	<b>2.75</b>
<b>Funds available for distribution - normalized</b>	<b>2.87</b>	<b>3.02</b>	<b>2.87</b>	<b>2.97</b>

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

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

(2) Represents noncontrolling interests' share of FFO/FAD adjustments.

(3) Represents HCN's share of FFO/FAD adjustments for unconsolidated joint ventures.

(4) See page 13 for schedule of normalizing items.

**Normalizing Items \***

(amounts in thousands except per share data)

	Three Months Ended March 31,	
	2010	2009
Transaction costs	\$ 7,714	\$ -
Non-recurring G&A expenses	2,853	3,909
Loss (gain) on extinguishment of debt	18,038	(1,678)
Provision for loan losses	-	140
Held for sale hospital operating expenses	728	-
<b>Total</b>	<b>\$ 29,333</b>	<b>\$ 2,371</b>
Average diluted shares outstanding	123,790	108,624
Net amount per diluted share	\$ 0.24	\$ 0.02

**Revenue and Lease Maturity**

(amounts in thousands except per share data)

Year	Rental Income (1)					Interest Income (2)	Total Revenues	% of Total
	Senior Housing	Skilled Nursing	Hospitals	Medical Office	Total Rental Income			
2010	\$ 386	\$ 1,246	\$ -	\$ 4,732	\$ 6,364	\$ 1,399	\$ 7,763	1.3%
2011	988	-	-	9,325	10,313	12,329	22,642	3.9%
2012	5,501	6,887	-	11,140	23,528	433	23,961	4.1%
2013	8,447	-	-	8,899	17,346	13,738	31,084	5.3%
2014	2,859	6,286	-	10,096	19,241	491	19,732	3.4%
2015	-	1,934	-	9,681	11,615	1,040	12,655	2.2%
2016	-	6,374	-	11,866	18,240	359	18,599	3.2%
2017	15,078	3,632	2,350	6,588	27,648	2,825	30,473	5.2%
2018	37,483	16,705	-	2,492	56,680	1,507	58,187	9.9%
2019	18,636	17,851	-	9,484	45,971	592	46,563	8.0%
Thereafter	121,310	106,518	40,581	43,808	312,217	1,577	313,794	53.5%
	<b>\$ 210,688</b>	<b>\$ 167,433</b>	<b>\$ 42,931</b>	<b>\$ 128,111</b>	<b>\$ 549,163</b>	<b>\$ 36,290</b>	<b>\$ 585,453</b>	<b>100.0%</b>

Notes:

\* Please see discussion of Supplemental Reporting Measures on page 37.

- (1) Rental income represents annualized base rent for effective 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 collectability 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 collectability reserves if applicable.

## Debt Maturities and Principal Payments

(dollars in thousands)

Year	Line of Credit (1)	Senior Notes (2,4)	Secured Debt (2,5)	Consolidated Debt	% of Total	Joint Ventures (7)	Combined Debt	% of Total
2010	\$ -	\$ -	\$ 12,671	\$ 12,671	0.4%	\$ 2,403	\$ 15,074	0.5%
2011	425,000	-	17,526	442,526	15.5%	24,995	467,521	15.6%
2012	-	76,853	24,010	100,863	3.5%	23,790	124,653	4.2%
2013	-	300,000	73,147	373,147	13.1%	27,015	400,162	13.4%
2014	-	-	133,991	133,991	4.7%	23,000	156,991	5.2%
2015	-	250,000	75,900	325,900	11.4%	832	326,732	10.9%
2016	-	300,000	166,425	466,425	16.3%	39,967	506,392	16.9%
Thereafter	-	775,276	222,139	997,415	35.1%	-	997,415	33.3%
<b>Totals</b>	<b>\$ 425,000</b>	<b>\$ 1,702,129</b>	<b>\$ 725,809</b>	<b>\$ 2,852,938</b>	<b>100.0%</b>	<b>\$ 142,002</b>	<b>\$ 2,994,940</b>	<b>100.0%</b>

### Weighted Avg

<b>Interest Rate (3)</b>	<b>0.9%</b>	<b>5.2%</b>	<b>6.1%</b>	<b>4.8%</b>		<b>7.2%</b>	<b>4.9%</b>
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### Weighted Avg

<b>Maturity (4)</b>	<b>1.3</b>	<b>10.9</b>	<b>7.6</b>	<b>8.6</b>		<b>4.0</b>	<b>8.4</b>
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## Fixed and Floating Rate Debt

(dollars in thousands)

	Consolidated Debt	% of Consolidated	Combined Debt	% of Combined
<b>Fixed Rate Debt</b>				
Senior notes	\$ 1,702,129	59.7%	\$ 1,702,129	56.8%
Secured debt (6)	693,807	24.3%	835,809	27.9%
<b>Total fixed</b>	<b>\$ 2,395,936</b>	<b>84.0%</b>	<b>\$ 2,537,938</b>	<b>84.7%</b>
<b>Floating Rate Debt</b>				
Line of credit	\$ 425,000	14.9%	\$ 425,000	14.2%
Secured debt (6)	32,002	1.1%	32,002	1.1%
<b>Total floating</b>	<b>\$ 457,002</b>	<b>16.0%</b>	<b>\$ 457,002</b>	<b>15.3%</b>
<b>Total debt</b>	<b>\$ 2,852,938</b>	<b>100.0%</b>	<b>\$ 2,994,940</b>	<b>100.0%</b>

### Notes:

- (1) Current line of credit capacity of \$1.15 billion with remaining availability of \$0.7 billion at March 31, 2010. Line of credit currently matures on August 5, 2011 but can be extended for one year at our discretion.
- (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 March 31, 2010. Senior notes and secured debt average interest rate represents the face value note rate.
- (4) \$211 million of convertible senior notes are puttable on December 1, 2011, \$222 million of convertible senior notes are puttable on July 15, 2012 and \$342 million of convertible senior notes are puttable on December 1, 2014. Weighted average maturities would be 4.0 years and 4.5 years for senior notes and consolidated debt, respectively, using the puttable dates.
- (5) \$6,175,000 of secured debt that matures in 2013 relates to assets-held-for sale. Weighted-average maturities would be unchanged if one used a 3/31/10 extinguishment date.
- (6) \$99,454,000 of floating rate secured debt is characterized as fixed rate debt due to interest rate swap agreements at March 31, 2010. If one treated this as floating rate debt, consolidated debt would be 80.5% fixed and 19.5% floating.
- (7) Represents HCN's share of secured debt at unconsolidated joint ventures.



## Current Capitalization

(amounts in thousands except per share data)

	Consolidated	% of Total
<b>Book Capitalization</b>		
Line of credit	\$ 425,000	6.4%
Long-term debt obligations	2,403,487	36.5%
<b>Debt to consolidated book capitalization (1)</b>	<b>2,828,487</b>	<b>42.9%</b>
Total equity	3,759,916	57.1%
<b>Consolidated book capitalization</b>	<b>\$ 6,588,403</b>	<b>100.0%</b>
HCN share of unconsolidated joint venture debt	142,002	
<b>Total book capitalization</b>	<b>\$ 6,730,405</b>	
<b>Undepreciated Book Capitalization</b>		
Line of credit	\$ 425,000	5.8%
Long-term debt obligations	2,403,487	32.9%
<b>Debt to consolidated undepreciated book capitalization</b>	<b>2,828,487</b>	<b>38.7%</b>
Accumulated depreciation and amortization	718,671	9.8%
Total equity	3,759,916	51.5%
<b>Consolidated undepreciated book capitalization</b>	<b>\$ 7,307,074</b>	<b>100.0%</b>
HCN share of unconsolidated joint venture debt	142,002	
<b>Total undepreciated book capitalization</b>	<b>\$ 7,449,076</b>	
<b>Enterprise Value</b>		
Line of credit	\$ 425,000	4.9%
Long-term debt obligations	2,403,487	27.5%
<b>Debt to consolidated enterprise value</b>	<b>2,828,487</b>	<b>32.4%</b>
Common shares outstanding	123,983	
Period end share price	\$45.23	
<b>Common equity market capitalization</b>	<b>5,607,751</b>	<b>64.2%</b>
Noncontrolling interests	9,682	0.1%
Preferred stock	287,974	3.3%
<b>Consolidated enterprise value</b>	<b>\$ 8,733,894</b>	<b>100.0%</b>
HCN share of unconsolidated joint venture debt	142,002	
<b>Total enterprise value</b>	<b>\$ 8,875,896</b>	
<b>Secured Debt as % of Total Assets (2)</b>		
<b>Secured debt</b>	<b>\$ 725,969</b>	<b>10.7%</b>
Total assets	\$ 6,774,378	
<b>Total Debt as % of Total Assets (3)</b>		
<b>Total debt</b>	<b>\$ 2,828,487</b>	<b>41.8%</b>
Total assets	\$ 6,774,378	
<b>Unencumbered Assets as % of Unsecured Debt (4)</b>		
<b>Unencumbered assets</b>	<b>\$ 6,028,242</b>	<b>286.7%</b>
Unsecured debt	\$ 2,102,518	

Notes:

- (1) A comparable covenant in our unsecured line of credit arrangement is a maximum of 60%.
- (2) A comparable covenant in our senior unsecured notes is a maximum of 40%. A comparable covenant in our unsecured line of credit arrangement is a maximum of 30%. If one includes the company's share of unconsolidated joint venture debt, the ratio would be 12.9%.
- (3) A comparable covenant in our senior unsecured notes is a maximum of 60%. If one includes the company's share of unconsolidated joint venture debt, the ratio would be 43.9%.
- (4) A comparable covenant in our unsecured line of credit arrangement is a minimum of 167%. A comparable covenant in our senior unsecured notes is a minimum of 150%.

## Gross Investment Activity

First Quarter 2010						
	Properties	Beds / Units / Square Feet	Amount (\$'000)	Investment Per Bed / Unit / Square Foot	Initial Cash Yield	
<b>Real Property Acquisitions</b>						
Medical office buildings	17	1,147,959 sf	\$ 190,000	166	9.1%	
<b>Total acquisitions</b>	<b>17</b>		<b>\$ 190,000</b>		<b>9.1%</b>	
<b>Construction in Progress</b>						
Development projects:						
CCRC - entrance fee	1	288 units	\$ 6,744			
Combination - entrance fee	1	144 units	5,447			
Combination - rental	5	523 units	9,818			
Freestanding dementia care	2	109 units	3,871			
Hospitals	3	212 beds	35,928			
Medical office buildings	4	386,172 sf	18,669			
<b>Total development projects</b>	<b>16</b>		<b>80,477</b>			
Expansion projects:						
CCRC - entrance fee	3	20 units	485			
Combination - entrance fee	4	27 units	1,080			
<b>Total expansion projects</b>	<b>7</b>		<b>1,565</b>			
<b>Total construction in progress</b>	<b>23</b>		<b>82,042</b>			
Investments in unconsolidated joint ventures	6		298,791		7.6%	
Capital improvements to existing properties			2,728		9.3%	
Loan advances			11,151		8.7%	
<b>Gross investments</b>			<b>\$ 584,712</b>			

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## Investment Timing

(dollars in thousands)

	Acquisitions/ Joint Ventures	Initial Cash Yield	Loan Advances	Initial Cash Yield	Construction Conversions	Initial Cash Yield	Dispositions	Yield on Sale
January	\$ -	0.0%	\$ 3,337	9.6%	\$ 918	6.0%	\$ 25,097	9.5%
February	488,791	8.2%	3,049	8.0%	25,858	8.3%	-	0.0%
March	-	0.0%	4,765	8.6%	137,249	7.0%	7,843	3.6%
<b>Total</b>	<b>\$ 488,791</b>	<b>8.2%</b>	<b>\$ 11,151</b>	<b>8.7%</b>	<b>\$ 164,025</b>	<b>7.2%</b>	<b>\$ 32,940</b>	<b>8.3%</b>

## Disposition Activity

(dollars in thousands)

	First Quarter 2010	
	Amount	% of Total
<b>Dispositions by Investment Type</b>		
Real property	\$ 31,341	95.1%
Real estate loans receivable	1,599	4.9%
<b>Total</b>	<b>\$ 32,940</b>	<b>100.0%</b>
<b>Dispositions by Property Type</b>		
Combination - rental	11,811	35.8%
Freestanding skilled nursing	14,885	45.2%
Medical office building	6,244	19.0%
<b>Total</b>	<b>\$ 32,940</b>	<b>100.0%</b>

## Discontinued Operations

(dollars in thousands)

	First Quarter	
	2010	2009
<b>Revenues</b>		
Rental income	\$ 1,392	\$ 7,956
<b>Expenses</b>		
Interest expense	194	1,332
Property operating expenses	1,207	934
Depreciation and amortization	194	3,128
<b>Income / (loss) from discontinued operations, net</b>	<b>\$ (203)</b>	<b>\$ 2,562</b>

## Portfolio Composition

(dollars in thousands)

	Properties	Investment Balance	% of Total	Committed Balance	% of Total
<b>Investment Concentration - By Predominant Service Type</b>					
Senior housing facilities	229	\$ 2,546,029	38.1%	\$ 2,558,415	37.3%
Skilled nursing facilities	207	1,457,083	21.9%	1,457,083	21.2%
Hospitals	29	673,271	10.1%	790,110	11.5%
Medical office buildings	137	1,663,877	25.0%	1,728,528	25.2%
Life science buildings (1)	6	325,925	4.9%	325,925	4.8%
<b>Total</b>	<b>608</b>	<b>\$ 6,666,185</b>	<b>100.0%</b>	<b>\$ 6,860,061</b>	<b>100.0%</b>

**Investment Concentration - Senior Housing & Care and Medical Facilities****Senior housing & care portfolio**

CCRC - entrance fee	6	\$ 379,482	5.7%	\$ 384,267	5.6%
CCRC - rental	8	147,885	2.2%	147,885	2.2%
Combination - entrance fee	8	379,278	5.7%	380,717	5.5%
Combination - rental	95	933,020	14.0%	935,748	13.6%
Dementia care	31	164,139	2.5%	167,573	2.4%
Freestanding senior housing	76	339,033	5.1%	339,033	4.9%
Land	5	16,510	0.2%	16,510	0.2%
Other loans	-	186,682	2.7%	186,682	2.9%

<b>Subtotal senior housing</b>	<b>229</b>	<b>2,546,029</b>	<b>38.1%</b>	<b>2,558,415</b>	<b>37.3%</b>
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Combination skilled nursing	32	259,613	3.9%	259,613	3.8%
Freestanding skilled nursing	175	1,062,032	15.9%	1,062,032	15.5%
Other loans	-	135,438	2.1%	135,438	1.9%

<b>Subtotal skilled nursing</b>	<b>207</b>	<b>1,457,083</b>	<b>21.9%</b>	<b>1,457,083</b>	<b>21.2%</b>
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<b>Senior housing &amp; care total</b>	<b>436</b>	<b>4,003,112</b>	<b>60.0%</b>	<b>4,015,498</b>	<b>58.5%</b>
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**Medical facilities portfolio**

Long-term acute care	15	202,693	3.0%	202,693	3.0%
Acute care	7	315,697	4.7%	432,536	6.3%
Inpatient rehab	5	132,965	2.0%	132,965	1.9%
Land	2	11,120	0.2%	11,120	0.2%
Other loans	-	10,796	0.2%	10,796	0.1%

<b>Subtotal hospitals</b>	<b>29</b>	<b>673,271</b>	<b>10.1%</b>	<b>790,110</b>	<b>11.5%</b>
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Medical office buildings	137	1,663,877	25.0%	1,728,528	25.2%
Life science buildings (1)	6	325,925	4.9%	325,925	4.8%

<b>Medical facilities total</b>	<b>172</b>	<b>2,663,073</b>	<b>40.0%</b>	<b>2,844,563</b>	<b>41.5%</b>
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<b>Total portfolio</b>	<b>608</b>	<b>\$ 6,666,185</b>	<b>100.0%</b>	<b>\$ 6,860,061</b>	<b>100.0%</b>
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	Bed / Unit / Square Foot	Committed Balance (\$'000)	Per Bed / Unit / Square Foot
<b>Investment Metrics</b>			
Senior housing	18,199 units	\$ 2,558,415	\$ 140,580
Skilled nursing	27,923 beds	1,457,083	52,182
Hospital	1,716 beds	790,110	460,437
Medical office	7,028,449 sf	1,728,528	246
Life science (1)		325,925	
<b>Total</b>		<b>\$ 6,860,061</b>	

Notes:

(1) See Life Science disclosure on page 30.

## Portfolio Concentration

(dollars in thousands)

						Total Properties	Investment Balance (1)	% of Balances
<b>By Customer</b>								
Senior Living Communities, LLC						11	\$ 531,942	8.0%
Aurora Health Care, Inc.						18	312,839	4.7%
Brookdale Senior Living, Inc.						86	308,396	4.6%
Signature Healthcare LLC						32	267,390	4.0%
Emeritus Corporation						21	239,739	3.6%
Life Care Centers of America, Inc.						18	203,033	3.0%
Stratford Companies						2	163,459	2.5%
Merrill Gardens LLC						13	162,783	2.4%
One Lantern Senior Living LLC						9	159,914	2.4%
Gulf Coast Health Care						25	151,101	2.3%
Remaining portfolio						373	4,165,589	62.5%
<b>Total</b>						<b>608</b>	<b>\$6,666,185</b>	<b>100.0%</b>
	Senior Housing	Skilled Nursing	Hospital	Medical Office	Life Science (1)	Total Properties	Investment Balance	% of Total
<b>Balances By State</b>								
Florida	\$ 288,852	\$ 221,629	\$ -	\$ 254,618	\$ -	80	\$ 765,099	11.5%
Massachusetts	193,364	191,728	11,120	-	325,925	38	722,137	10.8%
Texas	119,055	179,975	173,886	195,519	-	71	668,435	10.0%
California	229,569	-	191,794	170,181	-	31	591,544	8.9%
Wisconsin	117,490	-	23,630	312,839	-	30	453,959	6.8%
Ohio	147,480	174,897	33,829	6,924	-	31	363,130	5.4%
Tennessee	36,899	200,353	-	62,355	-	30	299,607	4.5%
South Carolina	241,567	-	-	16,450	-	9	258,017	3.9%
North Carolina	201,975	-	-	23,919	-	53	225,894	3.4%
Nevada	81,398	-	-	109,053	-	14	190,451	2.9%
Remaining portfolio	888,380	488,501	239,012	512,019	-	221	2,127,912	31.9%
<b>Total</b>	<b>\$2,546,029</b>	<b>\$1,457,083</b>	<b>\$ 673,271</b>	<b>\$1,663,877</b>	<b>\$325,925</b>	<b>608</b>	<b>\$6,666,185</b>	<b>100.0%</b>
	Senior Housing	Skilled Nursing	Hospital	Medical Office	Life Science (1)	Total Properties	Total Revenues (2)	% of Total
<b>Revenues By State</b>								
Texas	\$ 3,085	\$ 4,917	\$ 4,266	\$ 5,488	\$ -	71	\$ 17,756	11.3%
Florida	4,111	6,999	-	6,323	-	80	17,433	11.1%
Massachusetts	2,919	6,024	-	-	3,725	38	12,668	8.1%
California	6,578	51	1,845	3,827	-	31	12,301	7.8%
Tennessee	818	6,551	152	1,910	-	30	9,431	6.0%
Wisconsin	2,716	-	667	4,828	-	30	8,211	5.2%
Ohio	1,297	5,067	828	214	-	31	7,406	4.7%
North Carolina	6,474	-	-	481	-	53	6,955	4.4%
New York	2,889	-	-	1,752	-	11	4,641	3.0%
Nevada	2,292	-	-	2,273	-	14	4,565	2.9%
Remaining portfolio	24,045	14,980	3,308	13,180	-	219	55,513	35.5%
<b>Total</b>	<b>\$ 57,224</b>	<b>\$ 44,589</b>	<b>\$ 11,066</b>	<b>\$ 40,276</b>	<b>\$ 3,725</b>	<b>608</b>	<b>\$ 156,880</b>	<b>100.0%</b>

Notes:

(1) Includes HCN's share of unconsolidated joint ventures.

(2) Revenues represent rent and interest income including rent from discontinued operations for the three months ended March 31, 2010. Revenues exclude other income totaling \$996,000 for the three months ended March 31, 2010.

## Top Ten Customer Descriptions

**Senior Living Communities, LLC**, located in Charlotte, NC, operates premier continuing care retirement communities (CCRCs) throughout the southeastern United States. The company operates 11 campuses in four states. As of March 31, 2010, the HCN portfolio consisted of 11 properties in four states with an investment balance of \$531.9 million.

**Aurora Health Care, Inc.**, located in Milwaukee, WI, is a private operator of over 230 hospitals, pharmacies and clinics in eastern Wisconsin. As of March 31, 2010, the HCN portfolio consisted of 18 properties with an investment balance of \$312.8 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 565 facilities in 35 states with the ability to serve over 53,600 residents. As of March 31, 2010, the HCN portfolio consisted of 86 properties in 16 states with an investment balance of \$308.4 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 7,674 beds. As of March 31, 2010, the HCN portfolio consisted of 32 properties in four states with an investment balance of \$267.4 million.

**Emeritus Corporation** (NYSE:ESC), located in Seattle, WA, is a national public provider of independent living, assisted living and Alzheimer's services. The company operates 308 communities representing capacity for approximately 30,000 residents in 36 states. As of March 31, 2010, the HCN portfolio consisted of 21 properties in 16 states with an investment balance of \$239.7 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 330 skilled nursing, assisted living, retirement, home care and Alzheimer's centers in 28 states. As of March 31, 2010, the HCN portfolio consisted of 18 properties in 11 states with an investment balance of \$203.0 million.

**The Stratford Companies, Inc.**, located in Indianapolis, IN, is a private operator of continuing care retirement communities. The company operates three properties with more than 760 units in three states. As of March 31, 2010, the HCN portfolio consisted of two properties in two states with an investment balance of \$163.5 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 56 IL/AL facilities with over 6,455 units in ten states. As of March 31, 2010, the HCN portfolio consisted of 13 properties in seven states with an investment balance of \$162.8 million.

**One Lantern Senior Living, LLC**, a fully owned subsidiary of Lazard Real Estate Partners, LP, located in New York, NY, is a privately held corporation organized under the laws of New York. The company owns, operates and manages more than 29 assisted living and skilled nursing facilities with 3,336 units in six states. As of March 31, 2010, the HCN portfolio consisted of nine properties in three states with an investment balance of \$159.9 million.

**Gulf Coast Health Care**, 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 March 31, 2010, the HCN portfolio consisted of 25 properties in three states with an investment balance of \$151.1 million.

## Metropolitan Statistical Area Concentration (1)

(dollars in thousands)

		Top 31	Top 75	Top 100
Senior housing	\$	809,036	\$ 1,302,584	\$ 1,536,529
% of senior housing		31.8%	51.2%	60.4%
Skilled nursing		435,021	777,064	848,298
% of skilled nursing		29.9%	53.3%	58.2%
Hospital		308,570	562,188	598,912
% of hospital		45.8%	83.5%	89.0%
Medical office		1,032,775	1,440,026	1,440,026
% of medical office		62.1%	86.5%	86.5%
Life science (2)		325,925	325,925	325,925
% of life science		100.0%	100.0%	100.0%
<b>Total portfolio</b>	<b>\$</b>	<b>2,911,327</b>	<b>\$ 4,407,787</b>	<b>\$ 4,749,690</b>
<b>% of total portfolio</b>		<b>43.7%</b>	<b>66.1%</b>	<b>71.3%</b>

## Region Concentration

(dollars in thousands)

	Total Properties	Investment Balance (2)	% of Total
<b>By Region (3)</b>			
South Atlantic	177	\$1,545,968	23.2%
East North Central	88	1,172,814	17.6%
West South Central	103	789,839	11.8%
New England	50	783,766	11.8%
Pacific	40	728,817	10.9%
East South Central	66	517,201	7.8%
Mountain	41	508,034	7.6%
Middle Atlantic	31	372,865	5.6%
West North Central	12	246,881	3.7%
<b>Total</b>	<b>608</b>	<b>\$6,666,185</b>	<b>100.0%</b>

Notes:

- (1) 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.
- (2) Includes HCN's share of unconsolidated joint ventures.
- (3) Region definitions are derived from census bureau definitions and are itemized in the glossary.



## Portfolio Performance

	Age	Occupancy	TTM	TTM	Facility Revenue Mix		
			CBMF (2)	CAMF (2)	Private Pay	Medicaid	Medicare
Stable Portfolio (1)							
Senior housing (3)	10	89.4%	1.49x	1.28x	87.7%	9.4%	2.9%
Skilled nursing	23	84.2%	2.29x	1.68x	18.9%	51.8%	29.3%
Hospital	12	59.8%	2.39x	2.07x	31.4%	3.4%	65.2%
Medical office	12	92.6%	n/a	n/a	100.0%	0.0%	0.0%
Total	13		1.99x	1.57x			

Notes:

- (1) Data as of March 31, 2010 for medical office and December 31, 2009 for remaining asset types.
- (2) Represents trailing twelve month coverage metrics.
- (3) Excludes entrance fee portfolio.

## Entrance Fee Portfolio

	Properties	Average Age	Investment Balance (millions)	Entrance Fee Units	Entrance Fee Occupancy	Rental Units	Rental Occupancy
<b>Entrance Fee Portfolio</b>							
Open Properties	13	5	\$652.3	1,450	46%	939	79%

## Same Store Revenue Growth

(dollars in thousands)

	Properties (1)	1Q09 Same Store Revenue*	1Q10 Same Store Revenue*	% Change
<b>Same Store Portfolio</b>				
Senior housing (2)	196	\$ 42,688	\$ 41,023	-3.9%
Skilled nursing (2)	204	38,415	38,590	0.5%
Hospitals	21	9,866	9,975	1.1%
<b>Total (2)</b>	<b>421</b>	<b>\$ 90,969</b>	<b>\$ 89,588</b>	<b>-1.5%</b>

\* 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.
- (2) 1Q10 senior housing revenue impacted by rent deferrals related to certain entrance fee communities versus 1Q09. 1Q10 skilled nursing revenue impacted by the transition of one portfolio to a new operator and the restructuring of an existing master lease portfolio at reduced yields. Excluding the impact of these operators, 1Q10 same store revenues increased 2.4% for senior housing, 1.6% for skilled nursing and 1.9% in total.

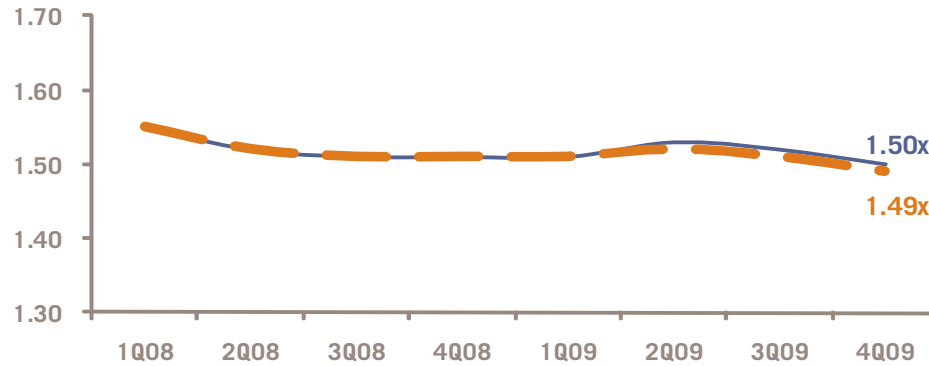
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## Portfolio Performance - Senior housing

(excludes entrance fee portfolio)

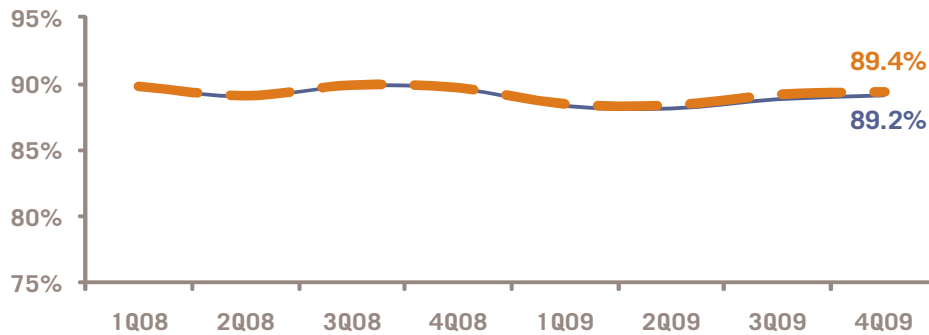
— Same Store (150 properties)  
 - - - Stable

### Trailing Twelve Month Payment Coverage Before Management Fees



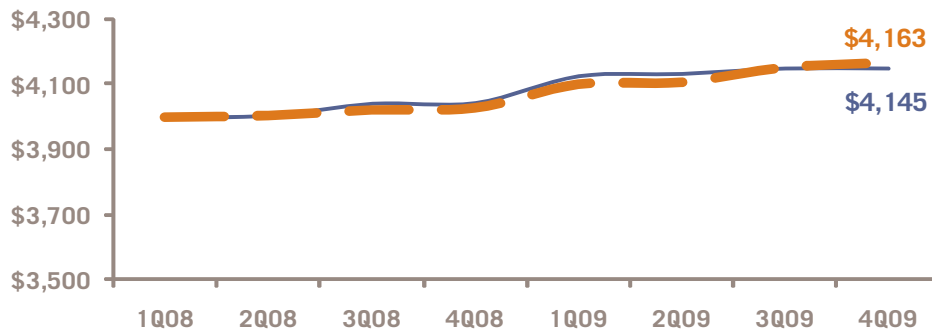
basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	(1)	(2)
Stable	(2)	(2)

### Occupancy



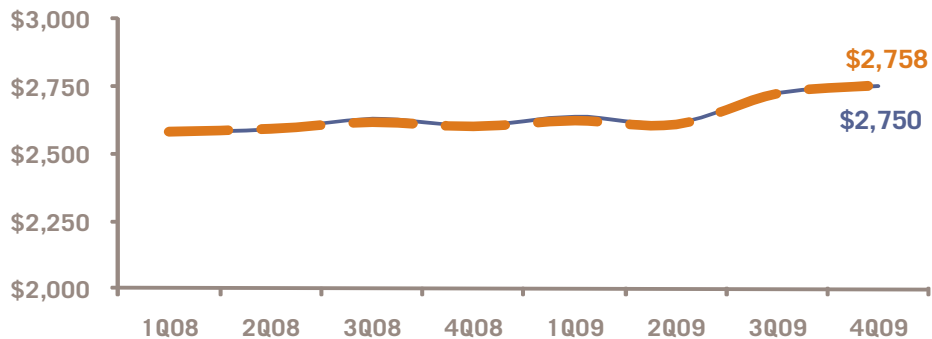
basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	(50)	30
Stable	(30)	20

### Revenue per Occupied Unit



(% chg)	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	2.5%	0.0%
Stable	3.4%	0.3%

### Expense per Occupied Unit

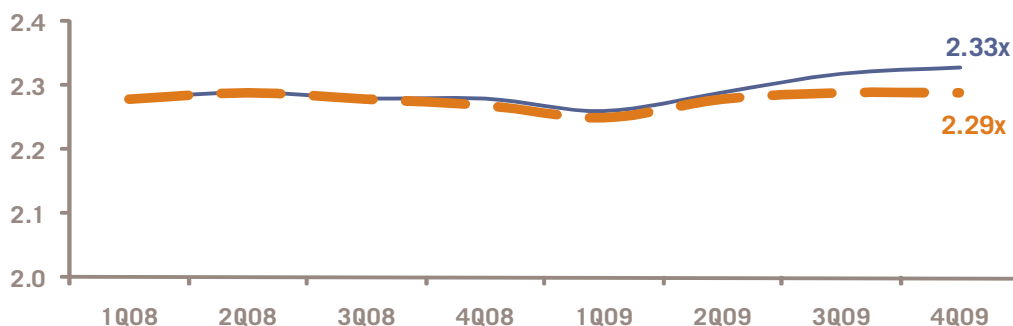


(% chg)	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	5.4%	0.9%
Stable	6.0%	1.1%

## Portfolio Performance - Skilled Nursing

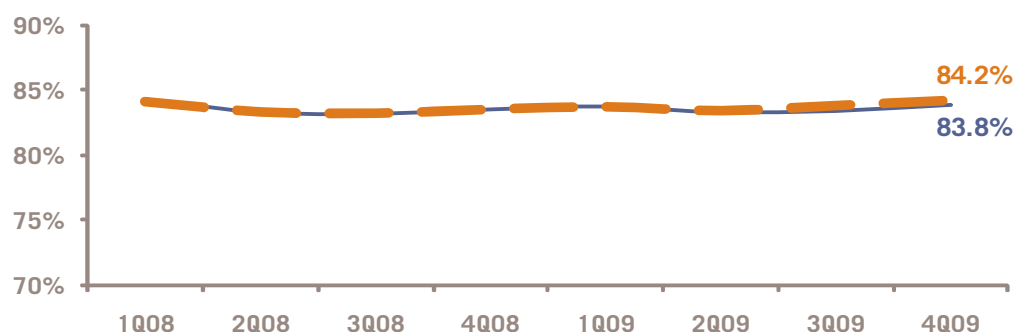
— Same Store (198 properties)  
 - - - Stable

### Trailing Twelve Month Payment Coverage Before Management Fees



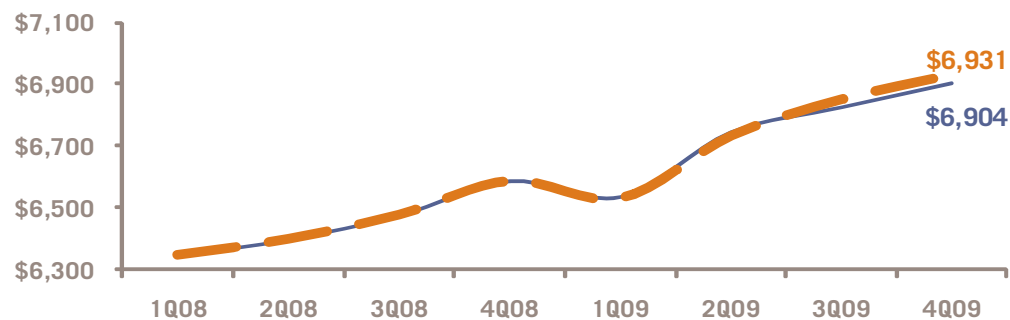
basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	5	1
Stable	2	-

### Occupancy



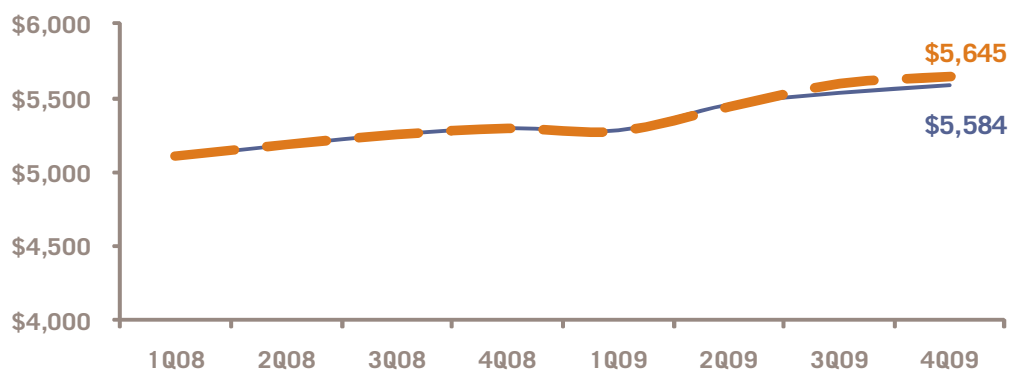
basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	30	40
Stable	70	40

### Revenue per Occupied Bed



(% chg)	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	4.8%	1.1%
Stable	5.2%	1.2%

### Expense per Occupied Bed

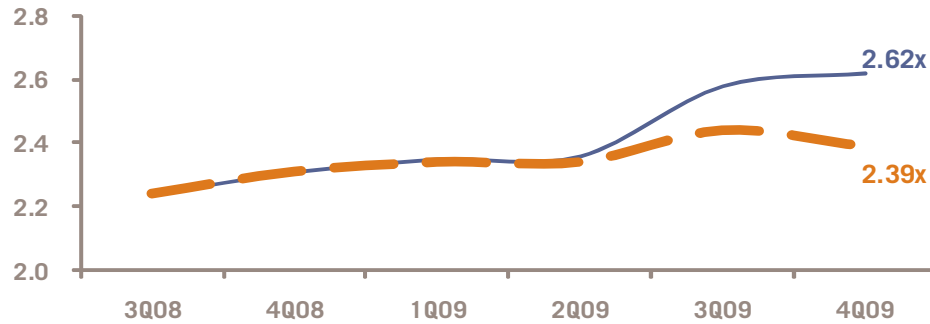


(% chg)	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	5.4%	0.9%
Stable	6.6%	0.9%

— Same Store (11 properties)  
 - - - Stable

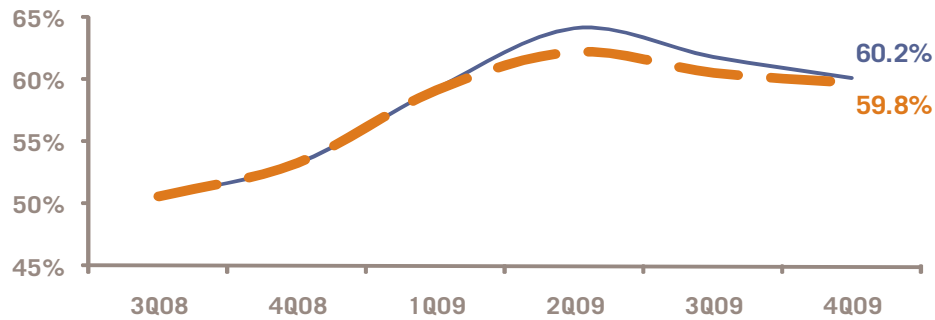
## Portfolio Performance - Hospitals\*

### Trailing Twelve Month Payment Coverage Before Management Fees



basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	31	4
Stable	8	(5)

### Occupancy



basis points	4Q09 / 4Q08	4Q09 / 3Q09
Same Store	690	(170)
Stable	650	(80)

\*Due to recent portfolio activity, the same store criteria for the hospital portfolio has been reduced to 18 months to capture a larger number of facilities in the above charts. Per occupied unit metrics not applicable for hospitals.

## Portfolio Composition - Medical Office Buildings

(dollars in thousands)

	Properties	Square Feet	Investment Balance	Total Revenues	Operating Expenses	NOI	Age	Occupancy
On Campus	54	3,553,715	\$ 931,761	\$ 22,147	\$ 6,553	\$ 15,594	12	94.1%
Off Campus-Affiliated	32	1,611,412	325,325	8,482	3,024	5,458	11	93.0%
Off Campus	39	1,289,761	351,787	8,927	2,936	5,991	14	88.0%
<b>Subtotal</b>	<b>125</b>	<b>6,454,888</b>	<b>1,608,873</b>	<b>39,556</b>	<b>12,513</b>	<b>27,043</b>	<b>12</b>	<b>92.6%</b>
Held-for-sale	5	154,175	8,794	782	479	303		
Development	3	324,859	26,515					
Loans	2	94,527	10,767	188	-	188		
Land	2		8,928					
<b>Total</b>	<b>137</b>	<b>7,028,449</b>	<b>\$ 1,663,877</b>	<b>\$ 40,526</b>	<b>\$ 12,992</b>	<b>\$ 27,534</b>		

## Portfolio Performance - Medical Office Buildings

(dollars in thousands)

	1Q09	2Q09	3Q09	4Q09	1Q10
<b>Total MOB Performance</b>					
Properties*	102	102	105	107	125
Square feet*	4,522,164	4,522,164	5,099,505	5,247,016	6,454,888
Investment balance*	\$ 1,206,893	\$ 1,197,143	\$ 1,343,854	\$ 1,389,082	\$ 1,608,873
Occupancy*	90.4%	90.8%	91.2%	91.3%	92.6%
Total revenue*	\$ 32,064	\$ 31,541	\$ 34,021	\$ 35,365	\$ 39,556
Operating expenses*	\$ 11,048	\$ 11,239	\$ 12,153	\$ 11,454	\$ 12,513
NOI from continuing operations*	\$ 21,016	\$ 20,302	\$ 21,868	\$ 23,911	\$ 27,043
NOI from discontinued operations	\$ 468	\$ 481	\$ 415	\$ 360	\$ 303
Total cap-ex / TI / LC	\$ 2,425	\$ 2,733	\$ 3,637	\$ 5,025	\$ 3,771
Expired (square feet)*	167,813	129,024	121,312	241,266	171,825
Retained (square feet)*	120,612	107,647	74,882	208,792	160,306
Retention rate*	71.9%	83.4%	61.7%	86.5%	93.3%
<b>Same Store Performance*</b>					
Properties	102	102	102	102	102
Square feet	4,522,164	4,522,164	4,522,164	4,522,164	4,522,164
Investment balance	\$ 1,206,698	\$ 1,197,255	\$ 1,187,890	\$ 1,181,293	\$ 1,173,272
Occupancy	90.4%	90.8%	91.0%	91.5%	91.2%
Total revenue	\$ 32,064	\$ 31,541	\$ 32,696	\$ 31,750	\$ 31,642
Operating expenses	\$ 11,048	\$ 11,239	\$ 12,120	\$ 10,919	\$ 11,745
NOI	\$ 21,016	\$ 20,302	\$ 20,576	\$ 20,831	\$ 19,897

	2010	2011	2012	2013	2014
<b>Remaining Lease Expirations*</b>					
Square feet	244,109	429,741	551,072	408,800	473,218
% of total portfolio	3.8%	6.7%	8.5%	6.3%	7.3%

\* Results and forecasts include month-to-month and holdover leases and exclude mortgages, land, terminations and discontinued operations.

## Portfolio Concentration - Medical Office Buildings

	Square Feet	% of Total
<b>By Tenant*</b>		
Aurora Health Care, Inc.	1,441,588	22.3%
Tenet Health Systems	279,304	4.3%
Baptist Health System, Inc	161,933	2.5%
United HealthCare Services, Inc	160,855	2.5%
Community Health Systems	157,637	2.4%
Remaining Portfolio	4,253,571	66.0%
<b>Total</b>	<b>6,454,888</b>	<b>100.0%</b>

\*Excludes development, mortgages and held-for-sale properties.

	Properties	Square Feet	% of Total	Committed Balance (\$000s)	Committed Balance per Square Foot
<b>By Region*</b>					
East North Central	21	1,571,982	22.4%	\$ 344,611	\$ 219
South Atlantic	47	1,543,405	22.0%	392,645	254
West South Central	17	899,973	12.8%	207,240	230
Middle Atlantic	13	781,505	11.1%	184,440	236
Pacific	11	750,293	10.7%	231,940	309
Mountain	15	700,583	10.0%	203,199	290
East South Central	11	610,335	8.7%	112,802	185
West North Central	2	170,373	2.3%	51,651	303
<b>Total</b>	<b>137</b>	<b>7,028,449</b>	<b>100.0%</b>	<b>\$ 1,728,528</b>	<b>\$ 246</b>

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

	Properties	Square Feet	% of Total	Committed Balance (\$000s)	Committed Balance per Square Foot
<b>By State</b>					
Wisconsin	18	1,441,588	20.5%	\$ 312,839	\$ 217
Florida	27	969,999	13.8%	270,699	279
Texas	16	855,170	12.2%	195,519	229
California	10	687,129	9.8%	204,589	298
New Jersey	5	406,985	5.8%	106,035	261
Arizona	5	339,205	4.8%	87,343	257
Nevada	9	324,992	4.6%	109,053	336
Georgia	8	313,152	4.5%	70,553	225
Alabama	5	303,907	4.3%	40,583	134
New York	7	276,388	3.9%	57,722	209
Remaining portfolio	27	1,109,934	15.8%	273,593	246
<b>Total</b>	<b>137</b>	<b>7,028,449</b>	<b>100.0%</b>	<b>\$ 1,728,528</b>	<b>\$ 246</b>

## Portfolio Composition - Life Science Buildings

(dollars in thousands; dollar amounts represent HCN's 49% ownership interest)

	1Q10A	2Q10A	3Q10A	4Q10A	1Q11A
<b>Total Life Science Performance</b>					
Properties	6				
Average age (years)	10				
Square feet	1,062,067				
Investment balance	\$ 325,925				
Occupancy	100.0%				
Total revenues (1)	\$ 3,725				
Operating expenses	\$ 1,101				
NOI	\$ 2,624				
Depreciation and amortization	\$ 775				
Interest expense	\$ 923				
Asset management fee	\$ 158				
Net income (loss)	\$ 768				
Total cap-ex / TI / LC	\$ -				

	Amount	Blended Interest Rate	Weighted Average Maturity
<b>Secured Debt (2)</b>			
Principal balance	\$ 142,002	7.2%	4.0

	Square Feet	% of Total
<b>By Tenant</b>		
Millennium (Takeda)	623,546	58.7%
Alkermes	145,275	13.7%
Brigham & Women's Hospital	122,410	11.5%
Ariad Pharmaceuticals	100,361	9.4%
Novartis	70,475	6.7%
Total (3)	1,062,067	100.0%

Notes:

- (1) Include amortization of below market rents and straight-line rent of \$331,000 for the three months ended March 31, 2010.
- (2) Non-recourse debt to HCN, secured by the joint ventures' assets.
- (3) Excludes two parking garages consisting of 1,709 spaces included in the Forest City Enterprises joint venture.



## Development Activity

(dollars in thousands)

	Projects	Beds / Units / Square Feet	CIP Balance at 12/31/09	2010 YTD Funding	2010 YTD Conversions	CIP Balance at 3/31/10
<b>Development Properties</b>						
CCRC - entrance fee	1	288	\$ 99,749	\$ 6,744	\$ -	\$ 106,493
Combination - entrance fee	1	144	49,543	5,447	(54,990)	-
Combination - rental	5	523	79,009	9,818	(82,655)	6,172
Freestanding dementia care	2	109	8,225	3,871	(11,430)	666
Hospital	3	212	189,416	35,928	-	225,344
Medical office	4	386,172	21,498	18,669	(13,652)	26,515
<b>Sub-total</b>	<b>16</b>		<b>\$ 447,440</b>	<b>\$ 80,477</b>	<b>\$ (162,727)</b>	<b>\$ 365,190</b>
<b>Expansion Projects</b>						
CCRC - entrance fee	3	20	\$ 3,355	\$ 485	\$ (171)	\$ 3,669
Combination - entrance fee	4	27	6,037	1,080	(1,127)	5,990
<b>Sub-total</b>	<b>7</b>		<b>9,392</b>	<b>1,565</b>	<b>(1,298)</b>	<b>9,659</b>
<b>Total</b>	<b>23</b>		<b>\$ 456,832</b>	<b>\$ 82,042</b>	<b>\$ (164,025)</b>	<b>\$ 374,849</b>

## Development Funding Projections \*

(dollars in thousands)

## Projected Future Funding

	Projects	Beds / Units / Square Feet	Initial Yield	2010 Funding	2011 Funding	Funding Thereafter	Unfunded Commitments	Committed Balances
<b>Development Properties</b>								
CCRC - entrance fee	1	288	TBD	\$ 4,883	\$ -	\$ -	\$ 4,883	\$111,376
Combination - rental	1	74	10.0%	2,728	-	-	2,728	8,900
Freestanding dementia care	1	25	9.3%	3,434	-	-	3,434	4,100
Hospital	3	212	9.3%	94,457	22,382	-	116,839	342,183
Medical office	3	324,859	8.9%	48,357	16,294	-	64,651	91,166
<b>Total</b>	<b>9</b>			<b>\$153,859</b>	<b>\$ 38,676</b>	<b>\$ -</b>	<b>\$ 192,535</b>	<b>\$557,725</b>

## Development Project Conversion Estimates\*

(dollars in thousands)

Quarterly Conversions			Annual Conversions		
	Amount	Projected Initial Cash Yields (1)		Amount	Projected Initial Cash Yields (1)
1Q10 actual	\$ 162,727	7.2%	2010 estimate (2)	\$ 450,851	8.3%
2Q10 estimate (2)	228,732	9.2%	2011 estimate	269,600	8.9%
3Q10 estimate	36,165	9.3%	2012 estimate	-	0.0%
4Q10 estimate	23,227	10.1%	2013 estimate	-	0.0%
1Q11 estimate	4,100	9.3%	2014+ estimate	-	0.0%
2Q11 estimate	265,500	8.9%	<b>Total</b>	<b>\$ 720,451</b>	
3Q11 estimate	-	0.0%			
4Q11 estimate	-	0.0%			
<b>Total</b>	<b>\$ 720,451</b>				

Notes:

\* Excludes expansion projects

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

(2) Yield projections exclude a \$111,376,000 CCRC project where the yield is yet to be determined.

## Unstabilized Properties

(dollars in thousands)

	12/31/09 Properties	Stabilized	Construction Conversions	Acquisitions/ Expansions/ Reclassifications	3/31/10 Properties
<b>Property Type</b>					
CCRC - entrance fee	5	(2)	0	0	3
CCRC - rental	2	0	0	0	2
Combination - entrance fee	7	(1)	1	0	7
Combination - rental	17	(2)	3	0	18
Freestanding assisted living	1	0	0	0	1
Freestanding dementia care	4	(1)	1	0	4
Freestanding skilled nursing	2	0	0	0	2
Long term acute care hospital	4	(1)	0	0	3
Acute care hospital	0	0	0	0	0
<b>Total</b>	<b>42</b>	<b>(7)</b>	<b>5</b>	<b>0</b>	<b>40</b>

	3/31/10 Properties	Beds / Units	Investment Balance	% of Total Investment
<b>Property Type</b>				
CCRC - entrance fee	3	642	\$ 208,083	3.1%
CCRC - rental	2	727	85,551	1.3%
Combination - entrance fee	7	1,162	325,446	4.9%
Combination - rental	18	2,360	424,048	6.4%
Freestanding assisted living	1	56	7,074	0.1%
Freestanding dementia care	4	229	36,452	0.5%
Freestanding skilled nursing	2	240	32,867	0.4%
Long term acute care hospital	3	152	43,452	0.7%
<b>Total</b>	<b>40</b>	<b>5,568</b>	<b>\$ 1,162,973</b>	<b>17.4%</b>

	12/31/09 Properties	Stabilized	Construction Conversions	Acquisitions/ Expansions	Progressions/ Reclassification	3/31/10 Properties
<b>Occupancy</b>						
0 - 50%	27	(1)	5	0	(1)	30
50% - 70%	6	0	0	0	0	6
70% +	9	(6)	0	0	1	4
<b>Total</b>	<b>42</b>	<b>(7)</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>40</b>

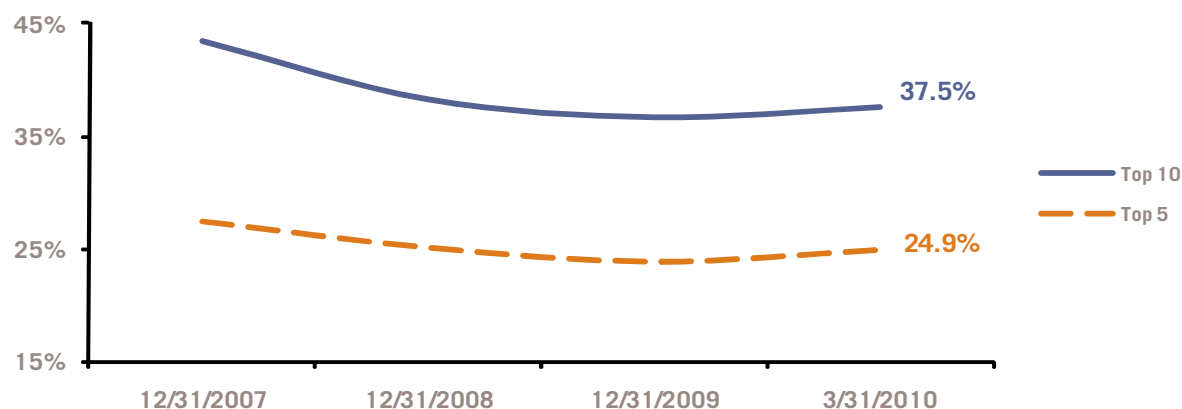
	3/31/10 Properties	Months In Operation	Revenues	% of Total Revenues (1)	Investment Balance	% of Total Investment
<b>Occupancy</b>						
0 - 50%	30	13	\$ 71,058	12.1%	\$ 885,597	13.3%
50% - 70%	6	26	13,250	2.3%	132,639	2.0%
70% +	4	40	12,001	2.0%	144,737	2.2%
<b>Total</b>	<b>40</b>	<b>18</b>	<b>\$ 96,309</b>	<b>16.5%</b>	<b>\$ 1,162,973</b>	<b>17.4%</b>

Notes:

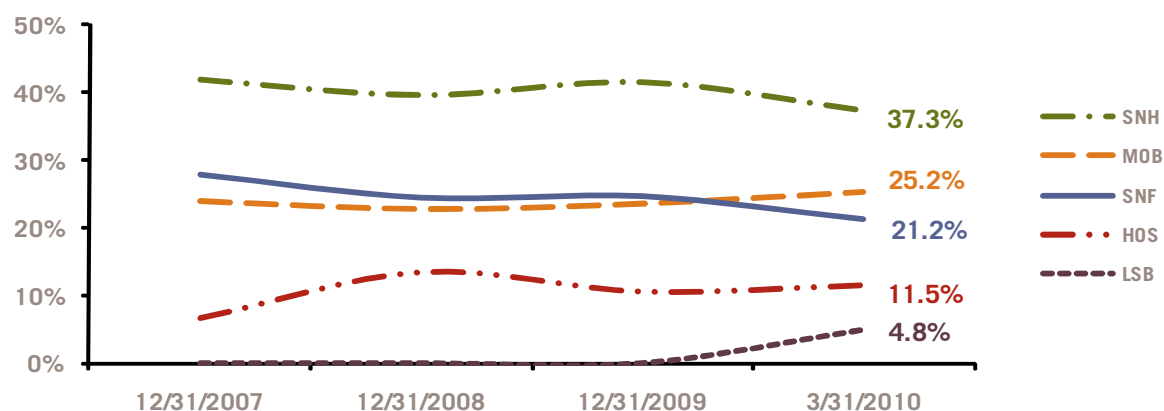
(1) Includes annualized revenues as presented on page 13.

## Portfolio Trends

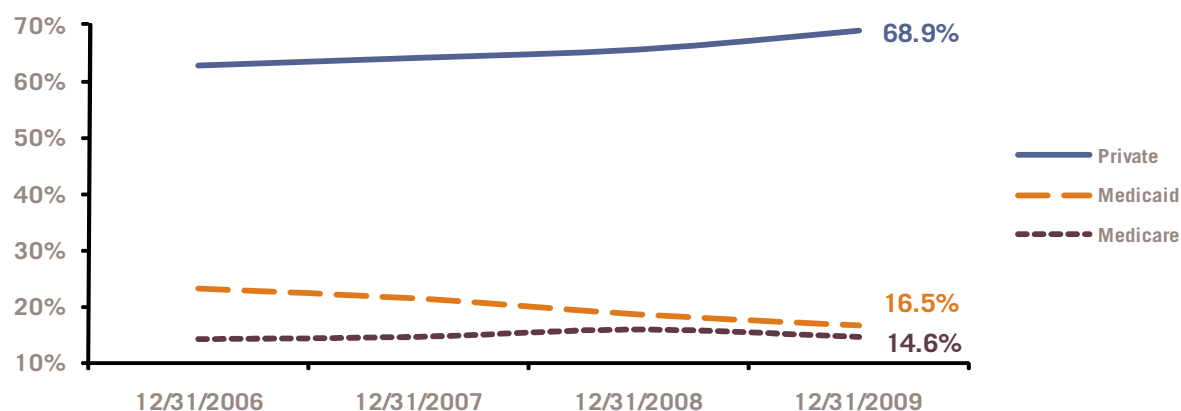
Customer Concentration Trend (1)



Property Type Trend (2)



Payor Mix Trend (3)



## Notes:

- (1) Customer 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 but excluding entrance fee portfolio and properties under construction.

**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 hospitals 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.

**Hospitals:** Hospitals generally include acute care hospitals, inpatient rehabilitation hospitals and long-term acute care hospitals. 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.

**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.

**Life Science:** Life science buildings are laboratory and office facilities, often located near universities, specifically constructed and designed for use by biotechnology and pharmaceutical companies.

**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; or 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 owned for the entire previous five quarters. Properties acquired, developed or classified in discontinued operations are excluded from the same store amounts. 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.

**Senior Housing:** Includes freestanding independent living, assisted living or dementia care properties as well as combination properties with multiple service levels on one campus. May also include CCRCs or properties that require an entrance fee.

**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.

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

**Stable:** A property is considered stable (versus unstabilized or under development) when it has achieved payment coverage after management fees (CAMF) of 1.10x or greater for three consecutive months or, if targeted performance has not been achieved, 12 months following the budgeted stabilization date. Entrance fee communities are considered stable after achieving aggregate property occupancy of 80% or more.

**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 attributable 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 certain items detailed on page 13. FAD represents FFO excluding net straight-line rental adjustments, amortization related to above/below market leases and amortization of non-cash interest expenses and less cash used to fund capital expenditures, tenant improvements and lease commissions at medical office buildings. Normalized FAD represents FAD excluding prepaid/straight-line rent cash receipts and adjusted for certain items detailed on page 13. The company believes that normalized FFO and normalized FAD are useful supplemental measures of operating performance because investors and equity analysts may use these measures to compare the operating performance of the company between periods or as compared to other REITs or other companies on a consistent basis without having to account for differences caused by unanticipated and/or incalculable 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 and non-cash interest expenses), 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 of our properties.

Other than Adjusted EBITDA, the company's supplemental reporting measures and similarly entitled financial measures 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, these measures 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. The supplemental reporting measures do not 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. Multi-period amounts may not equal the sum of the individual quarterly amounts due to rounding.

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