SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1995 | Commission File No. 1-8923

HEALTH CARE REIT, INC.
(Exact name of registrant as specified in its charter)

Delaware	
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One SeaGate, Suite 1950, Toledo, Ohio	43604
(Address of principal executive office)	(Zip Code)

(419) 247-2800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name on Each Exchange on Which Registered
Shares of Common Stock $1.00 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months; and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

[X]

The aggregate market value of voting stock held by non-affiliates of the Registrant of February 1, 1996 was $242,989,911 based on the reported closing sales price of such shares on the New York Stock Exchange for that date. As of February 1, 1996, there were 12,036,196 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Shareholders for the year ended December 31, 1995 are incorporated by reference into Part II.

Portions of the Registrant's definitive Proxy Statement for the annual shareholders meeting to be held May 21, 1996 are incorporated by reference into Part III.

HEALTH CARE REIT, INC.
1995 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

General

Health Care REIT, Inc. (the "Company"), founded in 1970, is a real estate investment trust that invests in health care facilities, primarily nursing homes. The Company also invests in assisted living facilities and retirement centers, specialty care and primary care facilities. The Company's investment portfolio is diversified by type of facility, number of facilities, operators, location and state. At December 31, 1995, the largest aggregate financing to any operator totalled $37,619,000 or 10.5% of real estate related investments. This operator, Olympus Healthcare

Group, Inc., is an unrelated party.

Investment Portfolio

The following table reflects the diversification of the Company's investments at December 31, 1995:

Type of Facility	Investments (1)(3)(4) (in 000s)	Percentage of Portfolio	Number of Facilities	Number of Beds/ Units	Average Investment Per Bed /Unit	Number of Operators	Number of States (2)
Nursing Homes	$203,779	45.6%	50	6,693	$ 30,447	29	18
Assisted Living Facilities	75,619	16.9	30	1,794	42,151	12	11
Specialty Care Facilities	61,635	13.8	4	397	155,251	2	4
Retirement Centers	53,429	12.0	9	1,245	42,915	8	8
Behavioral Care Facilities	36,366	8.1	6	628	57,908	3	5
Primary Care Facilities	16,071	3.6	5	N/A	N/A	1	3
TOTALS	$446,899	100.0%	104	10,757			

(1) Investments include real estate related investments, unfunded commitments and credit enhancements which amount to $361,874,000, $65,495,000 and $19,530,000, respectively.

(2) The Company has investments in 28 states.

(3) Investments do not include $122,695,000 in commitments for financings for which the Company has not yet funded any money.

(4) Due to a number of factors, it is possible that some portion of the commitments for financings will not result in permanent financing.

Nursing Homes.--These facilities offer a combination of skilled and intermediate care services. Nursing homes provide long-term care and, more recently, supplement hospital care by providing subacute services formerly rendered in a hospital setting. The Company believes that a substantial portion of the payments received by operators of nursing homes financed by the Company is in the form of Medicaid reimbursement. Remaining payments come from private pay, Medicare, veterans' programs, private insurance and other sources.

Assisted Living Facilities.--Assisted living facilities offer residential units for the frail elderly who need assistance with certain activities of daily living. Residents may participate in structured group activities. Meals are provided and certain health care services are available. Rent and services are typically paid by the resident.

Specialty Care Facilities.--These facilities provide focused acute in-patient care to patients suffering from specific illnesses or diseases. Growth in demand for these services is due to the need to attain greater cost efficiency. Services are paid for by government programs (i.e., Medicare, Medicaid or veterans' programs) as well as private insurance (including "managed care" insurance providers).

Retirement Centers.--These facilities offer residential units for active and ambulatory older individuals who need little or no care. Residents may participate in structured group activities. Meals are provided although apartments in most facilities have their own kitchens and limited health care services are available. Rent and services are typically paid by the resident.

Behavioral Care Facilities.--These facilities offer comprehensive in-patient and out-patient psychiatric treatment programs. Programs are tailored to the individual and include individual, group and family therapy. Most programs are paid by insurance programs.

Primary Care Facilities.--These facilities are designed to offer primary care to individuals in a doctor-office setting. These primary care facilities also offer a number of specialties in one building such as obstetrics, gynecology, opthamology, and pediatrics. These services are provided in a group-practice setting and are usually offered in a "managed care" context. Payment for services is principally through prepaid contracts.

Investments

In determining whether to finance a facility, the Company places primary emphasis on the experience of the operator, the feasibility of the project, the financial strength of the borrower or lessee, the amount of security available to support the financing and the amount of capital that is being committed to the project by the borrower or lessee. In addition, the Company considers a variety of other factors, including the site's suitability, appraisal reports of the facility and the existence of certificate of need procedures or other barriers that limit the entry of competing facilities into the community.

The Company regularly monitors its investments through a variety of methods depending on the operator and type of facility. These procedures include the receipt and review of facility and guarantor financial statements, periodic site visits, property reviews and conferences with the operators. Such reviews of operators and facilities generally encompass licensure and regulatory compliance materials and reports, contemplated building improvements and other material developments.

Substantially all of the Company's loans and leases are designed with escalating rate structures that may result in principal payment or purchase prior to maturity. However, the Company's policy is to structure longer term financing to maximize returns. The Company believes that appropriate new investments will be available in the future with substantially the same spreads over its costs of borrowing regardless of interest rate fluctuations.

Investments are typically structured using mortgage loans or operating leases which are normally secured by guarantees and/or letters of credit. The Company typically finances up to 90% of the appraised value of the property. Since 1986, the Company's mortgage loan portfolio has substantially grown while its direct financing lease portfolio has declined significantly. From 1986 to 1995, the Company's mortgage loan portfolio has increased from $34,186,000 to $267,484,000 while its direct financing lease portfolio has declined from $91,696,000 to $11,246,000. From 1988 to 1995, the Company's operating lease portfolio has increased from $7,709,000 to $58,629,000. In addition, the Company provides construction financing, only in conjunction with permanent financing, and in the past provided credit enhancements to facilitate bond financings.

The Company has obtained warrants from five operators to purchase their common stock or a partnership interest. The warrants may have the effect of increasing the Company's return on its investments. None of the warrants are publicly traded. However, the underlying common stock that relates to one set of warrants is publicly traded, and the market price of such stock was below the exercise price of the related warrants at December 31, 1995.

Mortgage Loans.--At December 31, 1995, the Company had 57 mortgage loans on 59 properties totalling $267,484,000, more than 95% of which are secured by first mortgages. Generally, the Company's mortgage loans have initial terms of seven to ten years with a renewal term, a 1% commitment fee, interest payment rates of 350 to 450 basis points over the relevant Treasury Note rate set at the beginning of the mortgage loan, and a 2% to 3% annual increase over the initial interest payment rate. Of the 57 mortgage loans, 52 require principal reduction, a feature not required for most mortgage loans made before 1991. The interest rate on mortgage loans closed through 1991 generally provided for an initial interest payment rate set at 400 to 450 basis points over the five or seven-year Treasury Note yield set at the beginning of the mortgage loan plus an additional 100 to 300 basis points of interest which is added to principal resulting in a repayment of principal at maturity greater than the original amount. While the Company's mortgage loans are structured to provide substantially the same economic benefit (same internal rate of return) as direct financing leases and operating leases over the life of the loan, the timing on recognition of income is different among the three types of investments. See the notes to the Consolidated Financial Statements for an explanation of the recognition of income.

At December 31, 1995, interest rates on the Company's mortgage loans ranged from 8.75% to 13.44% and earned an average of approximately 11.05% (excluding prepayment fees) during 1995. The Company's mortgage loans generally impose a substantial fee upon prepayment equal to 9% of the principal balance of the mortgage loan in the earliest years of the loan with the amount of the prepayment fee declining through the last year of the mortgage loan when the prepayment fee expires. Furthermore, since 1994, the Company has included an initial period during which no prepayments are permitted. During 1995, the Company received $63,344,000 in principal prepayments, which generated $4,082,000 in prepayment fees.

At December 31, 1995, the Company had three mortgage loans totalling $8,439,000 that generally provide for a floating rate with an interest payment rate of at least 300 basis points over the base rate of a specified financial institution. These mortgage loans generally have a 1% commitment fee.

Operating Leases.--The Company actively markets operating leases. Such leases are priced by a variety of methods that are designed to generate higher annual rents, either through the use of specified increases or increasers based on some performance measure of the facility, and with options to purchase at a price based upon the then fair market value of the facility. At December 31, 1995, there were ten such leases totalling an investment of $46,306,000. All leases require the lessee to pay taxes, insurance and maintenance.

The Company has also utilized operating leases in connection with managing and operating properties that have been relinquished to the Company by their previous owners, due to various loan and bond defaults. At December 31, 1995, there were two such leases with a total investment of $12,323,000.

Direct Financing Leases.--At December 31, 1995, the Company had 6 direct financing leases outstanding with a total investment of $11,246,000. Generally, the Company's direct financing leases provide for a lease term of 20 years, a 1% commitment fee, rents of 400 to 425 basis points over the five-year Treasury Note rate set at the beginning of the lease, and a 2% to 3% annual increase over the initial payment. All leases require the lessee to pay taxes, insurance and maintenance. Substantially all lease agreements have been written with option prices that increase 2% to 3% per year from a base equal to 100% of the original investment. All option prices equal or exceed the Company's original investment in the property. For an explanation of the Company's accounting policy with respect to direct financing leases, see the notes to the Consolidated Financial Statements.

Construction and Working Capital Loans.--At December 31, 1995, the Company had 18 construction loans outstanding totalling $17,736,000. Construction loans are made only to borrowers to whom the Company has made a commitment for permanent financing. Generally, construction loans have a 1% commitment fee and provide for interest at a variable rate equal to at least 250 basis points over the prime interest rate. Construction loans made by the Company will normally have a term of not more than two years and are secured by a mortgage on the facility under construction and by guarantees or letters of credit.

The Company has also entered into other financing arrangements that involve making working capital loans. These loans generally had a 1% commitment fee and provided for interest at a variable rate equal to at least 200 basis points over the prime interest rate. The Company has not made any new working capital loans of this type for several years and will make any future working capital loans only on a very selective basis. Security for such loans has consisted of second mortgage liens and, in some cases, security interests in limited partnership interests.

At December 31, 1995, the Company had outstanding construction and working capital loans totalling $24,515,000 and unfunded commitments to provide an additional $57,304,000.

Credit Enhancements.--In 1984 and 1985, the Company provided credit enhancements to four related parties which facilitated lower cost industrial development revenue bond financing. These credit enhancements took the form of agreements to purchase health care facilities or the loans in respect thereof in the event the owners default upon their obligations. In consideration for such credit enhancements, the Company receives annual fees of 1.5% of the original bond amounts ($383,100 recognized in 1995). The Company does not anticipate offering credit enhancements in the future. As of December 31, 1995, the Company had credit enhancements relating to industrial development revenue bonds totalling $19,530,000.

Allowance For Losses

The Company maintains an allowance for possible losses which is reevaluated quarterly to determine its adequacy. See Note 1 of Notes to Financial Statements. At December 31, 1995, $6,500,000 of the total allowance of $9,950,000 was allocated to three specific properties. The Company believes that its allowance is adequate.

Certain Government Regulations

The Company invests in single purpose health care facilities. The Company's customers must comply with the licensing requirements of federal, state and local health agencies, and with the requirements of municipal building codes, health codes and local fire departments. In granting and renewing a facility's license, the state health agency considers, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and clinical staffs, the quality of health care programs and compliance with applicable laws.

Many of the facilities operated by the Company's customers receive a substantial portion of their revenues from the federal Medicare program and state Medicaid programs; therefore, the Company's revenues may be indirectly affected by changes in these programs. The amounts of program payments can be changed by legislative or regulatory actions and by determinations by agents for the programs. Since Medicaid programs are funded by both the states and the federal government, the amount of payments can be affected by changes at either the state or federal level. There is no assurance that payments under these programs will remain at levels comparable to present levels or be sufficient to cover costs allocable to these patients.

Under Medicare and Medicaid programs, acute care hospitals are generally paid a fixed amount per discharge (based on the patient's diagnosis) for inpatient services. Behavioral and rehabilitation hospitals are generally paid on a cost basis, subject to certain limitations on allowable costs; however, proposals have been made to change the system to a diagnosis-based fixed payment per discharge.

Medicare and Medicaid programs have traditionally reimbursed nursing facilities for the reasonable direct and indirect allowable costs incurred in providing routine services (as defined by the programs), subject to certain cost ceilings. However, many states have converted to a system based on prospectively determined fixed rates, which may be based in part on historical costs. The Medicare program has been working to develop a fixed-payment-per-discharge system for nursing facilities similar to that used for acute care hospitals.

Medicare and Medicaid regulations could adversely affect the resale value of the Company's health care facilities. Medicare regulations provide that when a facility changes ownership (by sale or under certain lease transactions), reimbursement for depreciation and interest will be based on the lesser of the cost to the new owner or the historical cost of the original owner. Medicaid regulations allow a limited increase in the valuation of nursing facilities (but not hospitals) during the time the seller owned the facility. Other Medicare and Medicaid regulations provide that upon resale, facilities are responsible to pay back prior depreciation reimbursement payments that are "recaptured" as a result of the sale.

Health care facilities that participate in Medicare or Medicaid must meet extensive program requirements, including physical plant and operational requirements, which are revised from time to time. (Such requirements may include a duty to admit

Medicare and Medicaid patients, limiting the ability of the facility to increase its private pay census.) Medicare and Medicaid facilities are regularly inspected to determine compliance, and may be excluded from the programs--in some cases without a prior hearing--for failure to meet program requirements.

Under the Medicare program, "peer review organizations" have been established to review the quality and appropriateness of care rendered by health care providers. These organizations may not only deny claims that fail to meet their criteria, but can also fine and/or recommend termination of participation in the program.

Recent changes in the Medicare and Medicaid programs will likely result in increased use of "managed care" organizations to meet the needs of program beneficiaries. These organizations selectively contract with health care facilities, resulting in some facilities being excluded from the ability to serve program beneficiaries.

Health care facilities also receive a substantial portion of their revenues from private insurance carriers, health maintenance organizations, preferred provider organizations, self-insured employees and other health benefit payment arrangements. Such payment sources increasingly pay facilities under contractual arrangements that include a limited panel of providers and/or discounted or other special payment arrangements, including arrangements that shift the risk of high utilization to the providers. A number of states have established rate-setting agencies which control inpatient health care facility rates, including private pay rates.

Recent proposals to significantly reduce Medicare and Medicaid spending at the federal level could reduce revenues of the Company's customers. Congress passed legislation that would, over seven years, reduce Medicare spending by an estimated $226 billion and federal Medicaid spending by $133 billion. The proposed reductions include specific elements that would affect the Company's customers, including changes in the Medicare payment system for skilled nursing facilities that would reduce payments by approximately $9.5 billion. While the President vetoed this legislation, he has proposed seven-year reductions of $124 billion under Medicare and $59 billion under Medicaid.

The proposals of the President and the Congress share some elements, including expanding the role of private managed care organizations that selectively contract for facility services. Major policy differences remain between these proposals, including differences over whether to end the federal entitlement to Medicaid benefits and convert the program to a block grant to states to use as they see fit. Such a change would allow states to divert funds currently used to pay facilities of the types operated by the Company's customers to other purposes.

It is impossible to predict with certainty what form federal health care legislation may ultimately take. However, it is likely that some steps will be taken to reduce the rate of growth in both the utilization and the cost of health care facility services.

In order to meet a federal requirement, most states required providers to obtain certificates of need prior to construction of inpatient facilities and certain outpatient facilities. However, in 1987, the federal requirement was repealed. Some states have repealed these requirements, which may result in increased competition, and other states are considering similar repeals.

Nursing facilities compete with other subacute care providers, including rehabilitation centers and hospitals. Many of these providers have underutilized facilities and are converting some or all of their facilities into nursing facilities. Some of these entities operate on a tax-exempt basis, which gives them a capital cost advantage. Furthermore, some states have granted rest homes the ability to provide limited nursing care services.

Certain states have adopted pre-admission screening and other programs to promote utilization of outpatient and home-based services as an alternative to inpatient facility services. Recent changes in Medicaid regulations allow states to use Medicaid funding for home and community-based alternatives to inpatient care.

Taxation

General

A corporation, trust or association meeting certain requirements may elect to be treated as a "real estate investment trust." Beginning with its first fiscal year, which commenced on May 1, 1971, and in all subsequent years, the Company has elected to be treated as a real estate investment trust under Sections 856 to 860, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"). The Company intends to operate in such manner as to continue to qualify as a real estate investment trust for federal income tax purposes. No assurance can be given that the actual results of the Company's operations for any one taxable year will satisfy such requirements.

To qualify as a real estate investment trust, the Company must satisfy a variety of complex requirements each year, including organizational and stock ownership tests and percentage tests relating to the sources of its gross income, the nature of its assets and the distribution of its income.

Generally, for each taxable year during which the Company qualifies as a real estate investment trust, it will not be taxed on the portion of its taxable income (including capital gains) that is distributed to stockholders. Any undistributed income or gains will be taxed to the Company at regular corporate tax rates. The Company will be subject to tax at the highest corporate rate on its net income from foreclosure property, regardless of the amount of its distributions. The highest corporate tax rate is currently 35%. The Company may elect to treat any real property it acquires by foreclosure as foreclosure property, including any property acquired in future foreclosure actions brought with respect to the three loans in default referred to in the discussion of "Results of Operations" below. This would permit the Company to hold such property for up to two years without adverse consequences. Subject to certain limitations, the Company will also be subject to an additional tax equal to 100% of the net income, if any, derived from prohibited transactions. A prohibited transaction is defined as a sale or disposition of inventory-type property or property held by the Company primarily for sale to customers in the ordinary course of its trade or business, which is not property acquired on foreclosure.

The Company is subject to a nondeductible federal excise tax equal to 4% of the amount, if any, by which 85% of its ordinary income plus 95% of its capital gain net income (plus distribution deficiencies from prior years) exceeds distributions actually paid or treated as paid to stockholders during the taxable year, plus current year income upon which the Company pays tax and any overdistribution from prior years. Due to the growth of the Company's income, primarily as a result of large capital gains from the exercise of purchase options under leases, the Company did not satisfy this requirement in 1995, 1994 and 1993 and incurred an excise tax of approximately $326,000, $575,000 and $132,000 respectively, in those years. There is a cumulative underdistribution of $12,741,000 that will carry over to 1996 and later years until reduced by distributions in a subsequent year that exceed the percentage of that year's income that is required to be distributed currently.

Failure To Qualify

While the Company intends to operate so as to qualify as a real estate investment trust under the Code, if in any taxable year the Company fails to qualify, and certain relief provisions do not apply, its taxable income would be subject to tax (including alternative minimum tax) at corporate rates. If that occurred, the Company might have to dispose of a significant amount of its assets or incur a significant amount of debt in order to pay the resulting federal income tax. Further distributions to its stockholders would not be deductible by the Company nor would they be required to be made.

Distributions out of the Company's current or accumulated earnings and profits would be taxable to stockholders as dividends and would be eligible for the dividends received deduction for corporations. No portion of any distributions would be eligible for designation as a capital gain dividend.

Unless entitled to relief under specific statutory provisions, the Company also would be disqualified from taxation as a real estate investment trust for the four taxable years following the year during which qualification was lost.

Summary

The foregoing is only a summary of some of the significant federal income tax considerations affecting the Company and is qualified in its entirety by reference to the applicable provisions of the Code, the rules and regulations promulgated thereunder, and the administrative and judicial interpretations thereof. Stockholders of the Company are urged to consult their own tax advisors as to the effects of these rules and regulations on them. In particular, foreign stockholders should consult with their tax advisors concerning the tax consequences of ownership of shares in the Company, including the possibility that distributions with respect to the shares will be subject to federal income tax withholding.

HCRI Pennsylvania Properties, Inc.

On November 1, 1993, the Company formed a wholly-owned subsidiary, HCRI Pennsylvania Properties, Inc. This subsidiary was created to own real estate in the State of Pennsylvania.

The Manager and Merger

First Toledo Corporation (the "Original Manager") was organized in April 1970 under the laws of the State of Ohio for the purpose of administering and managing the daily affairs of the Company and advising the Company with respect to investments. Effective June 1, 1994, First Toledo Corporation spun off the management agreement (defined below) and certain other assets to First Toledo Advisory Company (the "Manager"). On November 30, 1995, the Manager merged with and into the Company pursuant to a Revised Merger Agreement (the "Merger"). Consideration for this transaction totaled approximately $5,048,000 which was solely comprised of 282,407 shares of the Company's common stock. In addition, the Company acquired approximately $46,000 in net assets and incurred approximately $792,000 of related transaction expenses. The Merger was a tax-free reorganization. The consideration, plus related transaction expenses, were accounted for as a settlement of a management contract.

Messrs. Wolfe and Thompson were Directors of the Manager and each owned 50% of the outstanding common stock of the Manager. In addition, Robert J. Pruger, Chief Financial Officer of the Company, was also a Director and Treasurer of the Manager. Erin C. Ibele, Vice President and Corporate Secretary of the Company, was also a Director, Vice President and Corporate Secretary of the Manager. George L. Chapman, President of the Company, was Executive Vice President and General Counsel of the Manager. The ownership percentages, titles and duties of each individual noted above were the same for the Manager and the Original Manager.

Pursuant to the Management Agreement (the "Agreement"), the Manager assisted the Company in establishing investment policies and in selecting and negotiating the terms of the Company's investments. The Manager also administered the day-to-day affairs of the Company. The Agreement was renewed annually upon the approval of a majority of the Directors, and was ratified annually by the holders of a majority of the outstanding shares of common stock.

The Agreement provided that the Manager was to be compensated for its services at the monthly rate of one-tenth of one percent of the average invested assets of the Company less long- and short-term debt obligations (excluding accrued expense and other liabilities). Average invested assets were defined as the average of the aggregate book value of the assets of the Company invested in equity interests in and loans secured by real estate before allowances for doubtful amounts or allowances to reduce certain leases to option prices or other similar non-cash allowances, computed by taking the average of such value at the end of each month. The Manager was also entitled to receive an incentive fee equal to 10% of the amount of net profits which exceed 10% of the average net worth of the Company as defined in the Agreement.

For the years ended December 31, 1995, 1994 and 1993, management fees amounted to $2,386,000, $3,087,000, and $2,427,000, respectively. Of such amounts, $267,000, $807,000, and $771,000, respectively, related to the profit based incentive fee. The fees do not include $22,500 for 1994 and 1993, respectively, that were paid directly by the Company to certain employees for certain services.

The Manager paid all charges, including salaries, wages, payroll taxes, costs of employee benefit plans and charges for incidental help, attributable to its own operations in connection with providing services under the Agreement. The Manager also paid its own accounting fees and related expenses, legal fees, insurance, rent, telephone, utilities and travel expenses of its officers and employees.

Under the Agreement, the Company was required to indemnify the Manager and its officers, directors and employees from any liabilities arising out of the performance of the Manager's duties under the Agreement unless such liabilities resulted from the bad faith, willful malfeasance, gross negligence or reckless disregard of its duties.

ITEM 2. PROPERTIES

The Company's headquarters are currently located at One

SeaGate, Suite 1950, Toledo, Ohio 43604. Office space, equipment and services were furnished by the Manager through November 30, 1995. As part of the Merger, the office space and equipment were acquired by the Company.

As part of its investment portfolio, at December 31, 1995, the Company owned and leased to qualified professional operators 11 nursing homes, eight assisted living facilities, and three primary care facilities. These facilities are located in Arizona, Connecticut, Florida, Illinois, Indiana, Kentucky, Missouri, North Carolina, Ohio, Oklahoma, Pennsylvania, Texas, Virginia and West Virginia. The foregoing properties are also part of the Company's investment portfolio. See Item 1. BUSINESS - "Investment Portfolio" above.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders of Health Care REIT, Inc. was duly called and held on November 28, 1995 in Toledo, Ohio. Proxies for the meeting were solicited on behalf of the Company's management and Board of Directors pursuant to Regulation 14A of the General Rules and Regulations of the Commission. There was no solicitation in opposition to the management's nominees for election as directors as listed in the Proxy Statement, and all such nominees were elected.

Votes were cast at the meeting upon the proposals described in the Proxy Statement for the meeting (filed with the Commission pursuant to Regulation 14A as follows:

Proposal #1 -- To approve the merger of the Manager with and into the Company:

For	6,972,618
Against	273,146
Abstain	282,001

Proposal #2 -- To approve the Company's 1995 Stock Incentive Plan:

For	6,103,250
Against	866,656
Abstain	377,858

Proposal #3 -- The election of three directors:

Nominee	For	Against
Richard C. Glowacki	10,558,121	238,033
Bruce G. Thompson	10,537,951	258,203
Richard A. Unverferth	10,523,115	273,039

Proposal #4 -- To ratify the appointment of Ernst & Young LLP as independent auditors for 1996:

For	10,605,121
Against	54,407
Abstain	136,626

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table sets forth, for the periods indicated, the high and low prices of the Company's Common Stock on the New York Stock Exchange, as reported on the Composite Tapes, and dividends paid per share. There were 5,370 stockholders of record as of December 31, 1995.

	Sales Price		
	High	Low	Dividends Paid
1995			
First Quarter	22 3/8	19 7/8	$ .515
Second Quarter	23 1/8	20 3/8	.52
Third Quarter	21 1/2	15 1/2	.52
Fourth Quarter	19 1/8	15 3/4	.52
1994			
First Quarter	25 3/8	22 1/2	.495
Second Quarter	25 1/4	23 1/4	.50
Third Quarter	25	22	.505
Fourth Quarter	22 5/8	19 3/4	.51

ITEM 6. SELECTED FINANCIAL DATA

	1995	1994	1993	1992	1991
	(In thousands, except per share amounts)				
Gross Income	$ 44,596	$ 42,732	$ 36,018	$ 28,908	$ 29,248
Net Income	13,635	24,953	20,055	16,515	13,126
Loans Receivable	291,999	254,924	185,282	151,414	123,812
Investment in Operating-Lease Properties and Other	58,629	57,232	42,776	10,301	14,800
Investment in Direct Financing Leases	11,246	11,428	52,950	65,411	68,391
Total Assets	358,092	324,102	285,024	226,207	207,204
Borrowings Under Line of Credit Arrangements	106,700	70,900	35,000	78,900	62,200
Senior Notes and Other Long-Term Obligations	56,060	57,373	61,311	24,819	28,144
Shareholders' Equity	187,598	189,180	184,132	118,948	113,956
Cash Distributions to Shareholders	24,215	23,127	18,252	15,922	12,042
Average Number of Shares Outstanding	11,710	11,519	9,339	8,629	6,828
Per Share:					
Net Income	1.16	2.17	2.15	1.91	1.92
Distributions	2.075	2.01	1.93	1.85	1.77

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources
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Loan interest payments, lease payments and loan and commitment fees are the Company's primary sources of cash from operating activities. Net cash provided from operating activities in each of the three most recent years totalled $27,153,000 in 1995; $31,977,000 in 1994; and $23,180,000 in 1993. The decrease in 1995 versus 1994 was primarily due to a $2,900,000 net reduction in gain on exercise of options and prepayment fees in addition to the loss of interest income during 1995 on three non-performing loans. Interest income on these three loans totalled $2,155,000 in 1994. The 1994 versus 1993 increase arose primarily from an increase in the Company's net income. However, there are differences between the recognition of income for financial reporting purposes and cash receipts for both leases and mortgage loans which cause period-to-period changes in net cash provided from operating activities.

The level of the Company's investing activities varies over time due to a number of factors, including economic conditions in the health care financing market, the availability of capital resources, and the timing of principal payments. Investing activities in loans receivable and leases, net of principal collected on loans, were $40,576,000, $84,797,000 and $67,720,000 for the years 1995, 1994 and 1993, respectively. The net increase in investments in 1995 was unfavorably affected by higher loan repayments of almost $21,000,000. Additionally, certain 1995 anticipated investments were delayed or in the case of construction loans funded more slowly than expected. The net increase in investments in 1994 versus 1993 was due to significantly increased marketing activity.

The Company's investing activities are financed principally by borrowings, proceeds from the exercise of lease purchase options, loan repayments, and equity issuances, including issuances pursuant to the Company's dividend reinvestment plan and the Company's employee incentive stock option plans. On April 8, 1993, the Company issued $52,000,000 of Senior Notes (the "Senior Notes") to a group of institutional investors, the Company's first such debt offering. These Senior Notes were issued in three tranches with an initial effective interest rate of 7.63% and an average maturity of approximately seven years.

The Company has a credit agreement for $150,000,000 with ten banks which matures March 31, 1997. The agreement specifies that borrowings under the revolving credit are subject to interest rates, at the Company's option, based on either the agent bank's prime rate of interest or 1.5% over LIBOR interest rate. The Company is primarily utilizing the LIBOR pricing option with a weighted average LIBOR interest rate of 7.32% at December 31, 1995. In addition, the Company pays a commitment fee at an annual rate of .5% of the unused line and an annual agent's fee of $75,000. At December 31, 1995, the Company had $90,000,000 outstanding under the revolving credit agreement.

The revolving credit agreement limited the amount of borrowings available to 75% of the Company's borrowing base. The Company's borrowing base consisted of mortgage loans and leases not in default which, with the consent of the banks, are assigned to the lenders' collateral pool. Each borrowing base property was valued generally at the lower of the Company's cost or the market value of the underlying property with substantially all such properties valued at cost. As of December 31, 1995, the borrowing base under the revolving credit agreement limited the amount of the borrowing to $113,000,000. The Company's borrowing availability was limited by the exclusion of certain assets from the borrowing base such as construction loans. The Company anticipates that the completion of facilities under construction and the inclusion of leases and mortgage loans relating to completed facilities in its borrowing base will enable it to increase its borrowings to the

$150,000,000 maximum availability. At December 31, 1995, the Company had $188,190,000 of unfunded commitments.

The revolving credit agreement contains covenants that require the Company to maintain a ratio of cash flow (as defined in the agreement) to interest expense of not less than 2 to 1 in any quarter; a ratio of total funded debt to sum of net worth and convertible subordinated indebtedness of not more than 1.3 to 1; and a tangible net worth of $180,000,000. The Company was in compliance with those and all other covenants at December 31, 1995.

At December 31, 1995, the Company had two unsecured lines of credit with two banks for a total of $35,000,000. Borrowings under these lines are made pursuant to notes payable, are due on each bank's demand and are subject to interest at each bank's prime rate of interest. The Company had $16,700,000 outstanding at December 31, 1995 under these lines of credit.

The Company uses interest rate swap contracts solely to accomplish the Company's policy of reducing its interest rate risk, and thereby maintain a more consistent, predictable interest rate margin. The Company monitors the amount of its variable interest rate assets and debt and uses interest rate swap contracts to partially balance the amount of variable interest rate debt with its variable interest rate assets. Interest rate swap contracts permit the Company to match either by fixing interest rates on a portion of its line of credit borrowings, or converting a portion of its fixed rate debt to variable rate. At December 31, 1995, the Company had two five-year interest rate swap contracts which expire in 1996 and 1997, which hedge the Company's interest rate risk relating to $30,000,000 of variable interest rate borrowings. At December 31, 1995, the Company was at risk for rising rates because its variable interest rate debt exceeded its variable interest rate assets.

Proceeds from the exercise of lease purchase options were approximately $38,330,000 and $12,085,000 for the years 1994 and 1993, respectively. At December 31, 1995, the Company had a limited number of direct financing leases and, therefore, anticipates that proceeds from the exercise of purchase options will be significantly reduced.

In the last three years, the Company has had one public offering of Common Stock. In 1993, the Company issued 2,500,000 shares of Common Stock which provided net proceeds of $59,085,000 at $23.63 per share. The proceeds were initially used to pay down the Company's bank lines of credit.

The dividend reinvestment plan and, to a lesser extent, the employee incentive stock option plan together represent a significant source of capital for the Company. During 1995, 1994 and 1993, issuance of Common Stock pursuant to these plans generated $3,104,000, $3,222,000, and $4,296,000, respectively, in cash for the Company.

The Company believes that funds provided from operating activities, together with funds from new equity and debt issuances, present credit lines, scheduled loan repayments and equity issuances under Company stock plans, will be sufficient to meet current operating requirements and existing commitments. For example, the Company anticipates completing a $30,000,000 private note issuance in the first quarter of 1996.

Results of Operations

Gross income increased $1,864,000, $6,714,000 and $7,110,000 in 1995, 1994 and 1993, respectively. In 1995, interest income on loans receivable, operating lease rents, and loan and commitment fees each increased while direct financing lease income decreased when compared to 1994. The increases in interest income on loans receivable, operating lease rents, and loan and commitment fees are attributable to the growth in the loan and operating lease properties portfolio, a long-term trend which the Company anticipates will continue. The decrease in direct financing lease income is a reflection of another long-term trend which should also continue.

In 1994, interest income on loans receivable and operating lease rents both increased while direct financing lease income decreased when compared to 1993. These changes in components of gross income reflect the trend of change in the components of the investment portfolio discussed above.

Net income totalled $13,635,000 in 1995, $24,953,000 in 1994, and $20,055,000 in 1993 and is the result of a number of factors. Generally, the principal factors are the difference between the Company's average earnings on assets versus its average cost of borrowings and the Company's debt-to-equity ratio. Other factors are the settlement of management contract, management fees, other operating expenses and the provision for losses.

The 1995 decrease in net income was due in large part to the $5,794,000 charge for settlement of management contract, a $4,800,000 provision for losses and a decrease in net interest margin. On November 30, 1995, the Manager merged with and into the Company pursuant to a Revised Merger Agreement. Consideration for this transaction of $5,048,000, plus $792,000 of related expenses, less $46,000 in net assets acquired, were accounted for as a settlement of a management contract. Also in 1995, the Company charged operations $4,800,000 for provision for losses which primarily relates to non-performing loans as well as an increase in the general allowance. The Company's net interest margin decreased 116 basis points from 1994, which is almost solely due to a net decline in gains on exercise of options and prepayment fees. Without those items, average earnings on assets would have declined approximately three basis points in 1995 versus 1994. The average cost of borrowing was virtually the same for 1995 versus 1994, but in 1995, there was a constant quarter-to-quarter decline, which is a reflection of a general decline in interest rates during the year. The Company anticipates that in 1996, its core average earnings on assets will increase modestly and its average cost of debt will decline.

The Company's 1995 net income was also affected by an increase in the average quarter-end, debt-to-equity ratio from .65 to 1 in 1994 to .85 to 1 in 1995. During 1995, the Company was proportionally using more debt as a source of funds. Therefore, the Company proportionally incurred more interest expense for every dollar of revenue, and thereby decreased its net interest margin and net income.

The 1994 increase in net income was due in large part to the growth in net interest margin. The Company's average earnings on assets increased approximately 67 basis points from the same period in 1993, while the Company's average cost of borrowing increased 37 basis points, thereby resulting in a 30 basis point increase in net interest margin. The increase in the average earnings on assets was solely due to gains on exercise of options and prepayment fees. Without those items, average earnings on assets would have declined approximately 35 basis points in 1994 versus 1993. The increase in average cost of borrowing was due to a general rise in interest rates in 1994 over 1993 as well as an increase in the LIBOR interest rate spread in the Company's amended and expanded revolving line of credit agreement.

The Company's 1994 net income was also affected by a decrease in the average quarter-end, debt-to-equity ratio from 1 to 1 in 1993 to .65 to 1 in 1994. During 1994, the Company was proportionally using less debt as a source of funds. Therefore, the Company proportionally incurred less interest expense, and thereby increased its net interest margin and net income.

Management fees and other operating expenses were $5,284,000 in 1995, $5,072,000 in 1994, and $3,878,000 in 1993. Management fees declined significantly in 1995 versus 1994 due primarily to lower net income in 1995, which reduced the incentive portion of the fee, as well as the termination of the management contract on November 30, 1995. The higher management fee in 1994 was due to both higher net income and the 1993 equity offering which substantially increased the base portion of the management fee. The increase in other operating expenses in 1995 and 1994 resulted from increased professional fees, general growth of the Company, and increased marketing activity. The Company anticipates that due to the management buyout, other operating expenses will be lower than 1995's combined management fee and operating expenses, both in aggregate dollars and as a percentage of revenues.

The Company has three loans totalling $14,712,000 from debtors in bankruptcy. The Company has not recorded any interest income on any of these loans since March 1995. In addition, the Company has working capital loans totalling $2,518,000 at December 31, 1995, which have been on a non-accrued status for several years. The facility's financial performance has improved in recent years, and the Company is recognizing interest income on a cash basis.

Impact of Inflation

During the past three years, inflation has not significantly affected the earnings of the Company because of the moderate inflation rate. Additionally, earnings of the Company are primarily long-term investments with fixed interest rates. These investments are mainly financed with a combination of equity, senior notes and borrowings under the revolving lines of credit, of which a portion is hedged with interest rate swaps. During inflationary periods, which generally are accompanied by rising interest rates, the Company's ability to grow may be adversely affected because the yield on new investments may increase at a slower rate than new borrowing costs. Presuming the current inflation rate remains moderate and long-term interest rates do not increase significantly, the Company believes that equity and debt financing will be available.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

REPORT OF INDEPENDENT AUDITORS

Shareholders and Directors
Health Care REIT, Inc.

We have audited the accompanying consolidated balance sheets of Health Care REIT, Inc. as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. Our audits also include the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Health Care REIT, Inc. at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth herein.

ERNST & YOUNG LLP

Toledo, Ohio
February 6, 1996

Health Care REIT, Inc.
Consolidated Balance Sheets

	December 31 1995	1994
ASSETS		
Real estate related investments:		
Loans receivable, including amounts from related parties of $29,112,548 and $29,283,939, respectively	$291,998,722	$254,923,711
Operating-lease properties, less accumulated depreciation of $4,220,655 and $2,803,787, respectively	58,628,509	57,231,651
Direct financing leases	11,246,492	11,427,721
	361,873,723	323,583,083
Less allowance for losses	9,950,000	5,150,000
Net real estate related investments	351,923,723	318,433,083
Other Assets:		
Deferred loan expenses	1,747,537	2,469,260
Cash and cash equivalents	860,350	935,449
Investment securities available for sale	845,297	
Receivables and other assets	2,715,146	2,264,197
	6,168,330	5,668,906

Total assets	$358,092,053	$324,101,989
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit arrangements	$106,700,000	$ 70,900,000
Senior notes	52,000,000	52,000,000
Other long-term obligations	4,059,639	5,372,790
Accrued expenses and other liabilities	7,734,618	6,649,424
Total liabilities	170,494,257	134,922,214
Shareholders' Equity:		
Preferred Stock, $1.00 par value:		
Authorized - 10,000,000 shares		
Issued and outstanding - None		
Common Stock - $1.00 par value:		
Authorized - 40,000,000 shares		
Issued and outstanding - 12,034,196 shares in 1995 and 11,595,115 shares in 1994	12,034,196	11,595,115
Capital in excess of par value	168,800,194	161,086,758
Undistributed net income	5,918,109	16,497,902
Unrealized gains on investment securities available for sale	845,297	
Total shareholders' equity	187,597,796	189,179,775
Commitments and contingencies		
Total liabilities and shareholders' equity	$358,092,053	$324,101,989

See accompanying notes.

Health Care REIT, Inc.
Consolidated Statements of Income

	Year ended December 31		
	1995	1994	1993
Gross income, including amounts from related parties of $3,798,347, $3,810,340 and $3,611,580 for 1995, 1994 and 1993, respectively:			
Interest on loans receivable	$34,918,572	$26,038,471	$21,603,573
Direct financing leases:			
Lease income	1,528,655	4,353,192	8,094,184
Gain on exercise of options		5,389,399	2,175,334
Operating leases:			
Rents	6,351,822	5,480,232	2,812,468
Gain on exercise of options		100,029	
Loan and commitment fees	1,666,286	1,184,024	1,202,516
Interest and other income	130,592	186,684	130,132
	44,595,927	42,732,031	36,018,207

Expenses:

Interest:			
Line of credit arrangements	7,472,418	3,537,555	3,819,054
Senior notes and other long-term obligations	5,279,232	6,146,589	6,997,992
Loan expense	752,115	637,625	328,187
Management fees	2,385,535	3,086,988	2,426,639
Provision for depreciation	1,579,544	1,385,077	790,471
Provision for losses	4,800,000	1,000,000	150,000
Settlement of management contract	5,793,534		
Other operating expenses	2,898,576	1,985,279	1,450,926
	30,960,954	17,779,113	15,963,269
Net income	$13,634,973	$24,952,918	$20,054,938
Net income per share	$ 1.16	$ 2.17	$ 2.15
Average number of shares outstanding	11,709,642	11,519,123	9,339,081

See accompanying notes.

Health Care REIT, Inc.
Consolidated Statements of Shareholders' Equity

	Common Stock	Capital in Excess of Par Value	Undistributed Net Income	Unrealized Gains	Total
Balances at January 1, 1993	$ 8,751,972	$ 97,327,593	$ 12,868,429	$	$118,947,994
Net income			20,054,938		20,054,938
Proceeds from the sale of 2,500,000 shares less related expenses of $3,727,470	2,500,000	56,585,030			59,085,030
Proceeds from issuance of 194,277 shares under the dividend reinvestment and stock option plans	194,277	4,101,334			4,295,611
Cash dividends paid--$1.93 per share			(18,251,745)		(18,251,745)
Balances at December 31, 1993	11,446,249	158,013,957	14,671,622		184,131,828
Net income			24,952,918		24,952,918
Proceeds from issuance of 148,866 shares under the dividend reinvestment and stock option plans	148,866	3,072,801			3,221,667
Cash dividends paid--$2.01 per share			(23,126,638)		(23,126,638)
Balances at December 31, 1994	11,595,115	161,086,758	16,497,902		189,179,775
Net income			13,634,973		13,634,973
Proceeds from issuance of 156,674 shares under the dividend reinvestment and stock option plans	156,674	2,947,818			3,104,492
Issuance of 282,407 shares related to settlement of management contract	282,407	4,765,618			5,048,025
Unrealized gains on investment securities available for sale				845,297	845,297
Cash dividends paid--$2.075 per share			(24,214,766)		(24,214,766)
Balances at December 31, 1995	$12,034,196	$168,800,194	$ 5,918,109	$845,297	$187,597,796

See accompanying notes.

Health Care REIT, Inc.

Consolidated Statements of Cash Flows

	Year ended December 31		
	1995	1994	1993
OPERATING ACTIVITIES			
Net income	$ 13,634,973	$ 24,952,918	$ 20,054,938
Adjustments to reconcile net income to net cash provided from operating activities:			
Amortization of loan and organization expenses	749,270	639,781	328,546
Provision for losses	4,800,000	1,000,000	150,000
Provision for depreciation	1,579,544	1,385,077	790,471
Settlement of management contract	5,001,624		
Loan and commitment fees earned less than cash received	1,466,865	693,213	494,292
Direct financing lease income less than cash received	181,229	905,860	376,046
Interest income less than cash received	524,907	2,120,035	586,092
(Decrease) increase in accrued expenses and other liabilities	(381,671)	856,127	547,715
Increase in receivables and other assets	(403,955)	(575,571)	(148,487)
Net cash provided from operating activities	27,152,786	31,977,440	23,179,613
INVESTING ACTIVITIES			
Investment in loans receivable	(107,296,680)	(118,204,990)	(90,650,648)
Investment in operating-lease properties	(2,976,000)	(14,053,050)	(20,766,000)
Investment in direct financing leases		(1,300,000)	
Principal collected on loans	69,696,762	48,760,717	43,696,715
Proceeds from exercise of purchase options		38,330,065	12,085,262
Other	(3,150)		135,000
Net cash used in investing activities	(40,579,068)	(46,467,258)	(55,499,671)
FINANCING ACTIVITIES			
Increase in borrowings under line of credit arrangements	176,000,000	266,900,000	209,400,000
Principal payments on borrowings under line of credit arrangements	(140,200,000)	(231,000,000)	(253,300,000)
Borrowings under senior notes			52,000,000
Principal payments on other long-term obligations	(1,313,151)	(3,938,325)	(15,508,351)
Proceeds from the issuance of shares	3,104,492	3,221,667	63,380,641
Increase in deferred loan expense	(25,392)	(1,527,751)	(770,041)
Cash distributions to			

shareholders	(24,214,766)	(23,126,638)	(18,251,745)
Net cash provided from financing activities	13,351,183	10,528,953	36,950,504
(Decrease) increase in cash and cash equivalents	(75,099)	(3,960,865)	4,630,446
Cash and cash equivalents at beginning of year	935,449	4,896,314	265,868
Cash and cash equivalents at end of year	$ 860,350	$ 935,449	$ 4,896,314

See accompanying notes.

HEALTH CARE REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1995

1. ACCOUNTING POLICIES AND RELATED MATTERS

Industry

The Company is predominantly engaged in financing and leasing of health care and related properties in domestic markets.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary (organized in 1993) after the elimination of all significant intercompany accounts and transactions.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Loans Receivable

Loans receivable consist of construction-period loans maturing in two years or less, working capital loans to related parties, and long-term mortgage loans. Interest income on loans is recognized as earned based upon the principal amount outstanding. The loans are generally collateralized by a first or second mortgage on or assignment of partnership interest in the related facilities, which consist of nursing homes, assisted living facilities, retirement centers, rehabilitation facilities, behavioral care facilities, primary care facilities and specialty care hospitals.

Operating-Lease Properties

Certain properties owned by the Company are leased under operating leases. These properties are recorded at the lower of cost or net realizable value. Depreciation is provided for at rates which are expected to amortize the cost of the assets over their estimated useful lives using the straight-line method. Operating lease income includes the rent payments, which are generally recognized on a straight-line basis over the minimum lease period.

Direct Financing Leases
- -----------------------

Certain properties owned by the Company are subject to long-term leases which are accounted for by the direct financing method. The leases provide for payment of all taxes, insurance and maintenance by the lessees. The leases are generally for a term of 20 years and include an option to purchase the properties generally after a period of five years. Option prices equal or exceed the Company's original cost of the property. Income from direct financing leases is recorded based upon the implicit rate of interest over the lease term. This income is greater than the amount of cash received during the first six to seven years of the lease term.

Allowance for Losses
- --------------------

The allowance for losses is maintained at a level believed adequate to absorb potential losses in the Company's real estate related investments. The determination of the allowance is based on a quarterly evaluation of these earning assets (in the case of direct financing leases, estimated residual values), including general economic conditions, estimated collectibility of loan and lease payments, reappraisals (where appropriate), and the recoverability of the carrying amount of these investments in relationship to their net realizable value.

Deferred Loan Expenses
- ----------------------

Deferred loan expenses are costs incurred in acquiring financing for properties. The Company amortizes these costs by the straight- line method over the term of the debt.

Cash and Cash Equivalents
- -------------------------

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less.

Investment Securities Available for Sale
- ---------------------------------------

Management determines the appropriate classification of a security at the time of acquisition and reevaluates such designation as of each balance sheet date. Investment securities available for sale are stated at fair value, with unrealized gains and losses reported in a separate component of shareholders' equity. At December 31, 1995, available-for-sale securities are the common stock of a corporation, which were obtained by the Company at no cost.

Loan and Commitment Fees
- ------------------------

Loan and commitment fees are earned by the Company for its agreement to provide direct and standby financing to, and credit enhancement for, owners of health care facilities. The Company amortizes loan and commitment fees over the initial fixed term of the lease, the mortgage or the construction period related to such investments.

Federal Income Tax

No provision has been made for federal income taxes since the Company has elected to be treated as a real estate investment trust under the applicable provisions of the Internal Revenue Code, and the Company believes that it has met the requirements for qualification as such for each taxable year. See Note 8.

Stock Options

The Company grants stock options for a fixed number of shares to employees with an exercise price equal to fair value of the shares at the date of the grant. The Company accounts for stock option grants in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, recognizes no compensation expense for the stock option grants.

Net Income Per Share

Net income per share has been computed by dividing net income by the weighted daily average number of shares outstanding.

Impact of Recently Issued Accounting Standards

In March 1995, the FASB issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". The Company's primary assets are real estate related investments which are not covered by FASB 121. Accordingly, based on the current circumstances, the Company does not believe FASB 121 is applicable.

2. LOANS RECEIVABLE

The following is a summary of loans receivable:

	December 31 1995	December 31 1994
Mortgage loans	$245,150,474	$208,566,120
Mortgage loans to related parties	22,333,209	22,215,685
Construction and other short-term loans	17,735,699	17,073,652
Working capital loans to related parties	6,779,340	7,068,254
TOTALS	$291,998,722	$254,923,711

Loans to related parties included above are at competitive rates, but not at less than the Company's net interest cost on borrowings to support such loans. The amount of interest earned on loans to related parties amounted to $3,379,175, $3,220,092, and $2,869,911 for 1995, 1994 and 1993, respectively.

The following is a summary of mortgage loans at December 31, 1995:

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount

In Default	3	Loans in default which are currently due and not accruing interest	$ 15,495,000	$ 14,712,060
1996	2	Monthly payments from $676 to $34,447, including interest from 12.93% to 13%	3,190,000	3,125,193
1997	3	Monthly payments from $8,338 to $96,605, including interest from 11.5% to 13.44%	11,348,977	10,378,082
1998	2	1 monthly payment of $57,779 and 1 quarterly payment of $133,282, including interest from 11.62% to 12.93%	10,332,150	10,726,774
1999	1	Monthly payment of $15,435, including interest from 10.64%	1,850,000	1,908,449
2000	1	Quarterly payment of $136,817, including interest of 11.73%	5,310,000	5,628,600
2002	2	Monthly payments from $60,585 to $61,595, including interest from 12.55% to 13.17%	10,937,450	10,913,925
2003	1	Monthly payment of $45,158, including interest of 10.56%	4,761,192	4,751,326
2007	10	Monthly payments from $3,693 to $42,102, including interest from 8.75% to 12.26%	21,398,117	17,953,538
2008	13	Monthly payments from $17,765 to $271,529, including interest from 10.6% to 13.44%	78,480,000	78,147,845
2009	5	Monthly payments from $24,461 to $61,052, including interest from 10.35% to 11.91%	22,488,610	22,488,610
2010	3	Monthly payments from $14,713 to $130,615, including interest from 9.84% to 10.19%	24,450,000	24,450,000
2014	3	Monthly payments from $30,805 to $41,578, including interest from 11.3% to 13.44%	10,703,150	10,670,472
2015	6	Monthly payments from $21,958 to $111,169, including interest from 10.28% to 11.42%	39,197,063	39,092,809
2016	2	Monthly payments from $39,274 to $73,231, including interest from 10.39% to 10.7%	12,536,000	12,536,000
		TOTALS	$272,477,709	$267,483,683

One loan in default has a prior lien of approximately $1,195,000, and six loans maturing in 2007 have prior liens aggregating $1,515,000. Several monthly mortgage payments increase by 2% per year which also have negative amortization of principal due at maturity.

The Company generally requires that the borrower have a substantial initial investment in the property. No mortgage loan, or multiple loans to a single borrower, has an outstanding principal balance which exceeds 10.5% of total assets.

3. INVESTMENT IN LEASES

The following are the components of investment in direct financing leases:

	December 31 1995	December 31 1994
Total minimum lease payments receivable--(i)	$ 18,833,646	$ 20,543,530
Estimated unguaranteed residual values of leased properties	6,063,649	6,063,649
Unearned income	(13,650,803)	(15,179,458)
Investment in direct financing leases	$ 11,246,492	$ 11,427,721

(i) The leases contain an option to purchase the leased property. Total minimum lease payments are computed assuming that the option will not be exercised.

At December 31, 1995, future minimum lease payments receivable (assuming that the option will not be exercised) are as follows:

	Direct Financing Leases	Operating Leases
1996	$ 1,653,875	$ 6,003,963
1997	1,665,320	5,967,131
1998	1,697,486	6,180,587
1999	1,729,651	6,078,811
2000	1,761,058	6,173,976
Thereafter	10,326,256	22,903,166
TOTALS	$18,833,646	$52,497,634

During 1994, the Company restructured two direct financing leases; one into a $3,324,000 mortgage loan and the other into a $3,582,000 operating lease. During 1993, the Company restructured a $10,500,000 mortgage loan into an operating lease. This noncash investing activity is appropriately not reflected in the accompanying statement of cash flows.

4. ALLOWANCE FOR LOSSES

The following is a summary of the allowance for losses for 1995, 1994 and 1993. The portion of the allowance relating to loans receivable consists of amounts for specifically identified loans and an unallocated amount for other potential losses in the portfolio.

	Total Allowance Related to Loans Receivable
Balances at January 1, 1993	$4,000,000

Provision for losses	150,000
Balances at December 31, 1993	4,150,000
Provision for losses	1,000,000
Balances at December 31, 1994	5,150,000
Provision for losses	4,800,000
Balances at December 31, 1995	$9,950,000

The allowance consists of $6,500,000 relating to specifically identified loans of $14,712,000 and an unallocated amount for other potential losses in the portfolio. Interest income on impaired loans is recognized as payments are received. The Company recognized $323,000 of interest income on impaired loans in 1995.

5. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS AND RELATED ITEMS

The Company has a credit arrangement with a consortium of ten banks providing for a revolving line of credit (revolving credit) in the amount of $150,000,000 which expires on March 31, 1997. The agreement specifies that borrowings under the revolving credit are subject to interest payable in periods no longer than three months on either the agent bank's base rate of interest or 1.5% over LIBOR interest rate (based at the Company's option). The effective interest rate at December 31, 1995 was 7.32%. In addition, the Company pays a commitment fee at an annual rate of .5% of the unused line and an annual agent's fee of $75,000. At December 31, 1994, the revolving line of credit was collateralized by 37 real estate related investments in health care facilities. Principal is due upon expiration of the agreement, but the total amount outstanding may not exceed a specified percentage of the agreed-upon values of the collateral. The Company has two other lines of credit with two banks for a total of $35,000,000 which expire at various dates through May 31, 1996. Borrowings under these lines of credit are subject to interest at each bank's prime rate of interest (8.5% at December 31, 1995) and are due on demand. The following information relates to aggregate borrowings under the line of credit arrangements:

	Year Ended December 31		
	1995	1994	1993
Balance outstanding at December 31	$106,700,000	$ 70,900,000	$ 35,000,000
Maximum amount outstanding at any month end	119,100,000	70,900,000	107,900,000
Average amount outstanding (total of daily principal balances divided by days in year)	88,850,548	51,422,466	76,241,644
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	8.41%	6.88%	5.01%

The Company has two five-year interest rate swap agreements, which expire at various dates through 1997, aggregating $30,000,000 for the purpose of reducing the Company's interest rate risk on its borrowings under the revolving credit. Maximum rates of interest under the swap agreements are 8.77% and 10%. At December 31, 1995, the Company had elected to borrow $30,000,000 at six-month LIBOR.

The differential to be paid or received is accrued as interest rates change and are recognized as an interest expense. The related amount payable to or receivable from counterparties is included in other liabilities or assets. The fair value of the swap agreements are not recognized in the financial statements.

The Company may or may not elect to continue to match certain of its borrowings with interest rate swap agreements. Such decisions are principally based on the Company's policy to match its variable rate investments with comparable borrowings, but is also based on the general trend in interest rates at the applicable dates and the Company's perception of future volatility of interest rates. At December 31, 1995, the Company was at risk for rising interest rates because its variable interest rate debt exceeded its variable interest rate assets.

The Company is exposed to a credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Company does not anticipate nonperformance by the counterparties.

Interest paid amounted to $13,083,783, $9,256,551 and $10,409,852 for 1995, 1994 and 1993, respectively, which includes $706,318, $1,309,368 and $2,155,260, respectively, for the net cost of the swaps.

6. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS

The Company has $52,000,000 of Senior Notes with interest ranging from 7.16% to 8.24% and maturing in 1998, 2000 and 2003. These notes are collateralized by 15 real estate related investments in health care facilities.

The following information relates to other long-term obligations:

	December 31 1995	1994
Notes payable related to industrial development bonds, collateralized by health care facilities--2 in 1995 and 3 in 1994, interest rates from 11.25% to 15%, maturing at various dates to 2002	$ 2,545,000	$ 3,620,000
Mortgage loans, collateralized by health care facilities--2 in 1995 and 1994, interest rates from 8.75% to 12%, maturing at various dates to 2005	1,514,639	1,752,790
TOTALS	$ 4,059,639	$ 5,372,790

At December 31, 1995, the annual payments on these long-term obligations for the succeeding five years are as follows:

	Principal	Interest	Total
1996	$ 317,332	$4,453,791	$ 4,771,123
1997	665,764	4,401,306	5,067,070
1998	23,332,592	3,496,973	26,829,565
1999	203,326	2,619,681	2,823,007
2000	15,234,756	2,012,550	17,247,306

7. STOCK OPTION PLANS AND RETIREMENT ARRANGEMENTS

The Company's 1995 Stock Incentive Plan authorized up to 600,000 shares of Common Stock to be issued at the discretion of the Board of Directors. The 1995 Plan replaced the 1985 Incentive Stock Option Plan which had previously authorized up to 450,000 shares of Common Stock to be issued at the discretion of the Board of Directors. There were 55,732 authorized shares which were unissued under the 1985 Plan when it expired in 1995. The options granted under the 1985 Plan continue to vest through 2005 and expire ten years from the date of grant. All future grants will be from the 1995 Plan under which officers and key salaried employees of the Company are eligible to participate. Such options expire ten years from the date of grant and one-fifth of all options granted become exercisable each year.

The following summarizes the activity in the Plan:

	Year Ended December 31	
	1995	1994
Number of shares under option at beginning of year	183,140	152,500
Options granted	316,268	51,000
Options exercised	(14,140)	(20,360)
Number of shares under option at end of year	485,268	183,140
At end of year:		
Shares exercisable	187,107	123,166
Shares available to be granted	388,000	160,000

At December 31, 1995, the option prices ranged from $15.1325 to $23.9375 per share. The option prices were equivalent to the market prices of the shares on the dates granted. Options exercised during 1995 and 1994 were at prices ranging from $11.9375 to $17.6875 per share.

Effective December 1, 1995, the Company assumed First Toledo Advisory Company's (the Manager) 401-K Profit Sharing Plan covering all eligible employees. Under the Plan, eligible employees may make contributions, and the Company may make a profit sharing contribution. Company contributions to this Plan totaled $6,000 in 1995.

8. DISTRIBUTIONS

In order to continue to qualify as a real estate investment trust for federal income tax purposes, 95% of taxable income (not including capital gains) must be distributed to shareholders. Real estate investment trusts which do not distribute a certain amount of current year taxable income in the current year are also subject to a 4% federal excise tax. The Company's excise tax expense was $326,000, $575,000 and $132,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Undistributed net income for federal income tax purposes amounted to $12,741,000 at December 31, 1995. The principal reasons for the difference between undistributed net income for federal income tax purposes and financial statement purposes are the use of the operating method of accounting for leases for federal income tax purposes, and the recording of settlement of management contract expense for reporting purposes. Cash distributions paid to shareholders, for federal income tax purposes, are as follows:

Year Ended December 31

	1995	1994	1993
Per Share:			
Ordinary income	$2.075	$ .72	$1.49
Capital gains		1.29	.44
TOTALS	$2.075	$2.01	$1.93

9. COMMITMENTS AND CONTINGENCIES

At December 31, 1995, the Company has outstanding commitments to provide financing for facilities in the approximate amount of $187,836,000. The Company also has commitments to provide working capital loans to related parties of approximately $354,000. The above commitments are generally on similar terms as existing financings of a like nature with rates of return to the Company based upon current market rates at the time of the commitment.

The Company has entered into a number of agreements to purchase health care facilities, or the loans with respect thereto, in the event that the present owners default upon their obligations. In consideration for these agreements, the Company receives and recognizes fees annually related to these guarantees. Although the terms of these agreements vary, the purchase prices are equal to the amount of the outstanding obligations financing the facility. These agreements expire between the years 1997 and 2005. At December 31, 1995, obligations under these agreements for which the Company was contingently liable aggregated approximately $19,530,000, all of which were with related parties.

The Company believes that it has the ability to obtain funds to meet these commitments. The Company also believes that such commitments represent no greater than normal risk.

10. MANAGEMENT AGREEMENT AND CERTAIN TRANSACTIONS WITH RELATED PARTIES

Through November 30, 1995, the Company had a management agreement with the Manager. F. D. Wolfe and B. G. Thompson, two of the Company's nine directors, were officers and co-owners of the Manager. The Company accrued a fee to the Manager at a monthly rate of 1/10 of 1% of the Company's net assets, as defined in the Management Agreement. Further, the Manager was entitled to an annual incentive fee equal to 10% of the amount by which net profits exceed 10% of the monthly average net worth of the Company, as defined in the Management Agreement.

On November 30, 1995, the Manager merged with and into the Company pursuant to a Revised Merger Agreement (the "Merger"). Consideration for this transaction totaled approximately $5,048,000 which was solely comprised of 282,407 shares of the Company's common stock. In addition, the Company acquired approximately $46,000 in net assets and incurred approximately $792,000 of related transaction expenses. The Merger was a tax-free reorganization. The consideration, plus related transaction expenses, were accounted for as a settlement of a management contract.

Messrs. Wolfe and Thompson are also related to various entities: a) to which the Company has made mortgage loans and working capital loans yielding interest income (see Note 2); b) with which the Company has entered into agreements to purchase health care facilities, or the loans with respect thereto, upon default of obligations by their present owners which provides fee income of $383,100, $338,722, and $422,438 for 1995, 1994 and 1993, respectively; and c) with which the Company has entered into operating lease agreements (see Note 3).

The Company recorded income from related parties as follows:

	1995	1994	1993
Interest income	$3,379,175	$3,220,092	$2,869,911
Loan and guaranty fees	419,172	377,658	469,362
Operating lease rents		112,561	272,307
Gain on exercise of options		100,029	
TOTALS	$3,798,347	$3,810,340	$3,611,580

In accordance with the By-Laws of the Company, such transactions were approved by a majority of the directors not affiliated with the transactions.

11. SHAREHOLDER RIGHTS PLAN

Under the terms of a Shareholder Rights Plan approved by the Board of Directors in July 1994, a Preferred Share Right (Right) is attached to and automatically trades with each outstanding share of Health Care REIT, Inc. common stock.

The Rights, which are redeemable, will become exercisable only in the event that any person or group becomes a holder of 15% or more of the Company's stock, or commences a tender or exchange offer which, if consummated, would result in that person or group owning at least 15% of the common stock. Once the Rights become exercisable, they entitle all other shareholders to purchase one one-thousandth of a share of a new series of junior participating preferred stock for an exercise price of $48.00. The Rights will expire on August 5, 2004 unless exchanged earlier or redeemed earlier by the Company for $.01 per Right at any time before public disclosure that a 15% position has been acquired.

12. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Mortgage Loans--The fair value of all mortgage loans, except those matched with debt, is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Mortgage loans matched with debt are presumed to be at fair value.

Working Capital and Construction Loans--The carrying amount is a reasonable estimate of fair value for working capital and construction loans because the interest earned on these instruments is variable.

Cash and Cash Equivalents--The carrying amount approximates fair value because of the short maturity of these financial instruments.

Investment Securities Available-for-Sale--The asset is recorded at its fair market value.

Borrowings Under Line of Credit Arrangements and Related Items--The carrying amount of the line of credit approximates fair value because the borrowings are interest rate adjustable. The fair value of interest rate swaps is the estimated amount, taking into account the current interest rate, that the Company would receive or pay to terminate the swap agreements at the reporting date.

Senior Notes and Industrial Development Bonds--The fair value of the senior notes payable and the industrial development bonds was estimated by discounting the future cash flow using the current borrowing rate available to the Company for similar debt.

Mortgage Loans Payable--Mortgage loans payable is a reasonable estimate of fair value because they are matched with loans receivable.

Commitments to Finance and Guarantees of Obligations--The fair value of the commitments to finance and guarantees of obligations are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, and the counterparties' credit standing.

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1995 and 1994 are as follows:

	December 31, 1995		December 31, 1994	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Mortgage loans	$267,483,683	$270,148,000	$230,781,805	$225,306,000
Working capital and construction loans	24,515,039	24,515,039	24,141,906	24,141,906
Cash and cash equivalents	860,350	860,350	935,449	935,449
Investment securities available-for-sale	845,297	845,297		
Financial Liabilities:				
Borrowings under line of credit arrangements	106,700,000	106,700,000	70,900,000	70,900,000
Senior notes payable	52,000,000	54,203,000	52,000,000	46,307,000
Industrial development bonds	2,545,000	3,054,000	3,620,000	4,343,000
Mortgage loans payable	1,514,639	1,514,639	1,752,790	1,752,790
Unrecognized Financial Instruments:				
Interest rate swap agreements		550,000		339,000
Commitments to finance	188,190,000	188,190,000	135,141,000	135,141,000
Guarantees of obligations	19,530,000	19,530,000	20,175,000	20,175,000

13. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the Company for the years ended December 31, 1995 and 1994:

	Year Ended December 31, 1995			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Gross Income	$9,624,993	$ 9,677,526	$13,315,515	$11,977,893
Net Income	4,864,965	4,637,190	3,346,835	785,983
Net Income Per Share	.42	.40	.28	.06

	Year Ended December 31, 1994			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Gross Income	$8,441,239	$12,730,715	$10,518,166	$11,041,911
Net Income	4,984,250	7,799,857	6,326,167	5,842,644
Net Income Per Share	.43	.68	.55	.51

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated herein by reference to the information under the heading "Election of Directors" and "Executive Officers of the Company" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 29, 1996.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the information under the heading "Remuneration" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 29, 1996.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to the information under the heading "Security Ownership of Certain Beneficial Owners" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 29, 1996.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the information under the heading "Certain Relationships and Related Transactions" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 29, 1996.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a) 1. The following Financial Statements of the Registrant are included in Part II, Item 8:

2. The following Financial Statement Schedule is included in Item 14 (d):

IV - Mortgage Loans on Real Estate

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibit Index:

3(i) Restated Certificate of Incorporation, as amended, of the Registrant.

3(ii) By-Laws, as amended.

4 The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of holders of long-term debt of Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.

10(ii)(A) Management Agreement between the Registrant and First Toledo Corporation and its successor First Toledo Advisory Company, dated January 17, 1994.

10(ii)(B) Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.

10(ii)(B) Amended and Restated Credit Agreement dated as of September 8, 1994 among Health Care REIT, Inc., certain banks, and National City Bank, as Agent.

10(iii)(A) The 1985 Incentive Stock Option Plan of Health Care REIT, Inc. as amended.

10(iii)(A) The Health Care REIT, Inc. 1995 Stock Incentive Plan

13 Annual Report to Stockholders.

21 Subsidiaries of the Registrant.

23 Consent of Independent Auditors.

24 Powers of Attorney.

27 Financial Data Schedule.

(b) Reports on Form 8-K filed in the fourth quarter of 1995:

None.

(c) Exhibits:
The exhibits listed in Item 14(a)(3) above are filed with this Form 10-K.

(d) Financial Statement Schedule:
Financial statement schedule is included in pages 61 through 63.

EXHIBIT INDEX

The following documents are included in this Form 10-K as an Exhibit:

Exhibit Number	Designation Number Under Item 601 of Regulation S-K	Exhibit Description	Page Number
1*	3(i)	Restated Certificate of Incorporation, as amended, of the Registrant.	
2*	3(ii)	Amendment to Restated Certificate of Incorporation filed July 9, 1992.	
3	4	The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of long-term debt of the Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.	
4**	10(ii)(A)	Management Agreement between the Registrant and First Toledo Corporation and its successor First Toledo Advisory Company dated January 17, 1994.	
5***	10(ii)(B)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.	
6****	10(ii)(B)	Amended and Restated Credit Agreement dated as of September 8, 1994 among Health Care REIT, Inc., certain banks, and National City Bank, as Agent.	
7*****	10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., as amended.	
8******	10(iii)(A)	The Health Care REIT, Inc. 1995 Stock Incentive Plan	

9	21	Subsidiaries of the Registrant.	48
10	23	Consent of Independent Auditors.	49
11	24	Powers of Attorney.	50
12	27	Financial Data Schedule.	

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* Incorporated by reference to Exhibits 3(a) and 3(b) to the Registrant's 1992 Annual Report on Form 10-K for the year ended December 31, 1992.

** Incorporated by reference to Exhibit 4 to the Registrant's Registration Statement on Form 10-K (File No. 1-8923) filed on March 8, 1995.

*** Incorporated by reference to Exhibits 1-4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1993.

**** Incorporated by reference to Exhibit 1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994.

***** Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-1237) filed on February 27, 1996.

****** Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-1239) filed on February 27, 1996.

SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
HEALTH CARE REIT, INC.
DECEMBER 31, 1995

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages (A)	Principal Amount of Loans Subject to Delinquent Principal or Interest
FIRST MORTGAGES:							
Toledo, OH (Retirement Center)	11.50%	10/01/97	Monthly Payments $ 96,605		$ 9,503,977	$ 9,244,193	$ None
Clearwater, FL (Behavioral Care Facility)	Due to default, all principal & interest is due and payable.				10,000,000	10,143,089	10,143,089 (B)
McAllen, TX (Specialty Care Facility)	10.19%	01/01/10	Monthly Payments $130,615		13,750,000	13,750,000	None
Webster, MA (Nursing Home)	9.84%	01/01/10	Monthly Payments $ 80,770		9,000,000	9,000,000	None

Brea, CA (Specialty Care Facility)	11.42%	07/01/15	Monthly Payments $111,169		11,000,000	10,960,150	None
Washington, D.C. (Specialty Care Facility)	11.23%	07/01/15	Monthly Payments $100,195		9,950,000	9,924,641	None
Farmington, CT Manchester, CT Manchester, CT Manchester, CT New Haven, CT Waterbury, CT (6 Nursing Homes)	12.39%	12/01/08	Monthly Payments $271,529		25,100,000	24,919,093	None
48 mortgage loans relating to 27 nursing homes, 7 assisted living facilities, 5 retirement centers, 4 behavioral care facilities and 2 primary care facilities	From 8.75% to 13.44%	From 09/01/96 - 01/01/16			180,223,732	176,828,525	1,993,868 (B)
18 construction loans (all with first mortgage liens) relating to 15 assisted living facilities, 2 nursing homes and 1 specialty care hospital	From 11.5% to 14.19%	N/A			74,686,000	17,735,699	
SECOND MORTGAGES:							
1 nursing home and 1 behavioral care facility	11.66% & 16.97%	08/01/97 loan currently in default is due and payable			3,950,000	2,713,992	2,575,103 (B)
				TOTALS	$347,163,709	$285,219,382	$14,712,060

(A) For income tax purposes, the cost of investments is the carrying amount less $6,500,000, as disclosed in the schedule.

(B) The Company is in dispute with two operators, both of which are over three months past due on certain interest and principal payments. The Company has evaluated these investments and has allocated in the aggregate $6,500,000 of its allowance to reduce their carrying value to their estimated net realizable value.

	Year Ended December 31		
	1995	1994	1993
Reconciliation of mortgage loans:			
Balance at beginning of period	$247,855,457	$178,047,274	$144,163,851
Additions during period:			
New mortgage loans	103,275,637	112,764,951	85,389,242
Negative principal amortization	311,295	642,630	1,219,807
Other <F1>		3,656,084	
	351,442,389	295,110,939	230,772,900
Deductions during period:			
Collections of principal <F2>	66,223,007	47,255,482	41,751,241
Foreclosures			
Cost of mortgages sold			
Amortization of premium			
Other <F3>			10,974,385

Balance at end of period	$285,219,382	$247,855,457	$178,047,274
	============	============	============

<FN>

<F1> During 1994, the Company restructured a direct financing lease into a mortgage loan.

<F2> Includes collection of negative principal amortization.

<F3> During 1993, the Company restructured a mortgage loan into an operating lease.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

HCRI Pennsylvania Properties, Inc.

On November 1, 1993, the Company formed a wholly-owned subsidiary, HCRI Pennsylvania Properties, Inc. This subsidiary was created to own real estate in the State of Pennsylvania.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-43685) dated October 31, 1991 of Health Care REIT, Inc., the Amendment No. 1 to the Registration Statement (Form S-3 No. 33-64877) dated February 9, 1996 of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 33-46561) dated March 20, 1992, pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1237) dated February 27, 1996 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc. and the Registration Statement (Form S-8 No. 333-1239) dated February 27, 1996 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan of our report dated February 6, 1996 with respect to the consolidated financial statements and schedule of Health Care REIT, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1995.

ERNST & YOUNG LLP

Toledo, Ohio
March 8, 1996

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of March, 1996.

/s/ PIER C. BORRA

Pier C. Borra, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of March, 1996.

/s/ GEORGE L. CHAPMAN

George L. Chapman, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 27th day of February, 1996.

/s/ GEORGE CHOPIVSKY, JR.

George Chopivsky, Jr., Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of March, 1996.

/s/ BRUCE DOUGLAS

Bruce Douglas, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 6th day of March, 1996.

/s/ RICHARD C. GLOWACKI

Richard C. Glowacki, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, her true and lawful attorney-in-fact and agent, for her and in her name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as she might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets her hand this 16th day of February, 1996.

/s/ SHARON M. OSTER

Sharon M. Oster, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, her true and lawful attorney-in-fact and agent, for her and in her name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as she might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets her hand this 16th day of February, 1996.

/s/ KATHLEEN S. PREPHAN

Kathleen S. Prephan, Controller

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of March, 1996.

/s/ ROBERT J. PRUGER

Robert J. Pruger, Chief
Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of March, 1996.

/s/ BRUCE G. THOMPSON

Bruce G. Thompson, Director
Chairman of the Board and
Principal Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the

Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 29th day of February, 1996.

/s/ RICHARD A. UNVERFERTH

Richard A. Unverferth, Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1995, hereby constitutes and appoints FREDERIC D. WOLFE, BRUCE G. THOMPSON AND GEORGE L. CHAPMAN his true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 21st day of February, 1996.

/s/ FREDERIC D. WOLFE

Frederic D. Wolfe, Director

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