UNITED STATES
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, 1996 Commission File No. 1-8923

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

DELAWARE	34-1096634
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One SeaGate, Suite 1500, 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 of 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 on February 6, 1996 was $441,534,000 based on the reported closing sales price of such shares on the New York Stock Exchange for that date. As of February 6, 1996, there were 18,662,919 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the annual shareholders meeting to be held April 22, 1997, are incorporated by reference into Part III.

HEALTH CARE REIT, INC.
1996 FORM 10-K ANNUAL REPORT

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PART I

PART I

ITEM 1. BUSINESS

GENERAL

Health Care REIT, Inc. (the "Company") is a self-administered real estate investment trust that invests in health care facilities, primarily nursing homes, assisted living facilities and retirement centers. The Company also invests in specialty care facilities. As of December 31, 1996, long-term care facilities, which include nursing homes, assisted living facilities and retirement centers, comprised approximately 85% of the investment portfolio. Founded in 1970, the Company was the first real estate investment trust to invest exclusively in health care facilities.

As of December 31, 1996, the Company had $541,496,000 of real estate investments, inclusive of credit enhancements, in 137 facilities located in 28 states and managed by 51 different operators. At that date, the portfolio included 56 nursing homes, 63 assisted living facilities, 11 retirement centers, five specialty care facilities, and two behavioral care facilities. At December 31, 1996, the Company had approximately $236,277,000 in unfunded commitments.

The Company's primary objectives are to protect shareholders' capital and enhance shareholder value. The Company seeks to pay consistent cash dividends to shareholders and create opportunities to increase dividend payments from annual increases in rental and interest income and portfolio growth. To meet these objectives, the Company invests primarily in long-term care facilities managed by experienced operators and diversifies its investment portfolio by form of investment, operator and geographic location.

The Company anticipates providing mortgage financing for qualified health care operators and acquiring additional health care facilities through operating lease arrangements. Capital for future investments may be provided by borrowing under the Company's revolving credit facilities, public offerings or private placements of debt or equity, and the assumption of secured indebtedness.

PORTFOLIO OF PROPERTIES

The following table reflects the diversification of the Company's portfolio as of December 31, 1996:

Type of Facility	Investments (1)(2)(3) (In thousands)	Percentage of Portfolio	Number of Facilities	Number of Beds/ Units	Investment Per Bed/ Unit(4)	Number of Operators	Number of States(5)
Nursing Homes	$245,987	45.43%	56	7,651	$ 34,027	27	18
Assisted Living Facilities	172,189	31.80	63	4,152	56,990	16	10
Retirement Centers	42,483	7.84	11	1,366	39,637	6	9
Specialty Care Facilities	68,109	12.58	5	459	151,523	3	5
Behavioral Care Facilities	12,728	2.35	2	294	43,292	1	1
Totals	$541,496	100.0%	137	13,922			

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(1) Investments include real estate investments and credit enhancements which amounted to $522,681,000 and $18,815,000, respectively.

(2) Investments do not include $144,389,000 in commitments for financings for which the Company has not yet commenced funding.

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

(4) Investment Per Bed/Unit was computed by using the total investment amount of $633,384,000 which includes real estate investments, unfunded commitments for which initial funding has commenced, and credit enhancements of, $522,681,000, $91,888,000 and $18,815,000, respectively.

(5) The Company has investments in properties located in 28 states.

Nursing Homes

Skilled nursing facilities provide inpatient skilled nursing and custodial services as well as rehabilitative, restorative and transitional medical services. In some instances, nursing facilities supplement hospital care by providing specialized care for medically complex patients whose conditions require intense medical and therapeutic services, but who are medically stable enough to have these services provided in facilities that are less expensive than acute care hospitals.

Assisted Living Facilities

The assisted living facilities provide services to aid in everyday living, such as bathing, meals, security, transportation, recreation, medication supervision and limited therapeutic programs. More intensive medical needs of the resident are often met within assisted living facilities by home health providers, close coordination with the resident's physician and skilled nursing facilities. Assisted living facilities are increasingly successful as lower cost, less institutional alternatives to the health problems of the elderly or medically frail.

Retirement Centers

The retirement centers offer specially designed residential units for active and ambulatory elderly residents and provide various ancillary services. Retirement centers offer residents an opportunity for an independent lifestyle with a range of social and health services.

Specialty Care Facilities

The specialty care facilities provide specialized inpatient services for specific illnesses or diseases, including, among others, coronary and cardiovascular services. Specialty care facilities are lower cost alternatives to acute care hospitals.

Behavioral Care Facilities

The behavioral care facilities offer comprehensive inpatient and outpatient psychiatric treatment programs. Programs are tailored to the individual and include individual, group and family therapy.

INVESTMENTS

The Company invests in income producing health care facilities with a primary focus on long-term care facilities, which include skilled nursing facilities, assisted living facilities and retirement centers. The Company also invests in specialty care facilities. The Company intends to continue to diversify its investment portfolio by type of health care facilities and form of financing.

In determining whether to finance a facility, the Company focuses on: (a) the experience of the operator; (b) the financial and operational feasibility of the property; (c) the financial strength of the borrower or lessee; (d) the security available to support the financing; and (e) the amount of capital committed to the property by the borrower or lessee. Management conducts market research and analysis for all potential investments. In addition, Management reviews the value of all properties, the interest rates and debt service coverage requirements of any debt to be assumed and the anticipated sources for repayment for such debt.

The Company's investments primarily take the form of operating lease transactions, permanent mortgage loans and construction financings. 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. The Company's policy is to structure long 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. As of December 31, 1996, letters of credit from commercial banks, and cash deposits aggregating $26,012,000 were available to the Company as security for operating lease, permanent mortgage loan and construction loan obligations. In addition, the leases and loans are generally cross-defaulted and the loans are cross-collateralized with any other mortgage loans, leases, or other agreements between the operator or any affiliate of the operator and the Company.

The Company typically finances up to 90% of the appraised value of a property. Economic terms normally include annual rate increases and fair market value based purchase options in operating leases, and may include contingent interest for mortgage loans.

The Company monitors its investments through a variety of methods, which are determined by the type of health care facility and operator. The monitoring process includes a review and analysis of facility, borrower or lessee, and guarantor financial statements; periodic site visits; property reviews; and meetings with operators. Such reviews of operators and facilities generally encompass licensure and regulatory compliance materials and reports, contemplated building improvements and other material developments.

For certain investments, the Company receives warrants or other similar equity instruments that provide the Company with an opportunity to share in an operator's enterprise value. As of December 31, 1996, the Company had obtained warrants from seven operators to purchase their common stock or partnership interest. None of the warrants are publicly traded. In one instance, the underlying common stock that relates to one set of warrants is publicly traded, and the market price of the common stock was below the exercise price of the related warrants at December 31, 1996.

In connection with an investment in one operator, the Company also received warrants that were converted into 87,823 shares of common stock at the time of the operator's initial public offering. As of December 31, 1996, those shares of common stock were recorded on the Company's balance sheet at a value of $768,451.

Operating Leases

Each facility, which includes the land, buildings, improvements and related rights (the "Leased Properties") owned by the Company is leased to a health care provider pursuant to a long-term lease (collectively, the "Leases"). The

Leases generally have a fixed term of 10 to 13 years and contain multiple five to ten-year renewal options. Each Lease is a triple net lease requiring the lessee to pay rent and all additional charges incurred in the operation of the Leased Property. The lessees are required to repair, rebuild and maintain the Leased Properties.

The Company's Leased Properties aggregated approximately $153,623,000 at December 31, 1996. The base rents range from approximately 8.3% to 15.9% per annum of the Company's equity investment in the Leased Properties. The base rents for the renewal periods are generally fixed rents set at a spread above the Treasury yield for the corresponding period. In addition, the Company typically charges a lease commitment fee at the initiation of the transaction.

Permanent Mortgage Loans

The Company's investments in permanent mortgage loans are structured to provide the Company with interest income, principal amortization and commitment fees. Virtually all of the approximately $292,442,000 of permanent mortgage loans as of December 31, 1996 were first mortgage loans.

The interest rate on the Company's investments in permanent mortgage loans for operating facilities ranges from 10.3% to 13.0% per annum on the outstanding balances. The yield to the Company on permanent mortgage loans depends upon a number of factors, including the stated interest rate, average principal amount outstanding during the term of the loan, the amount of the commitment fee charged at the inception of the loan, the interest rate adjustments and the additional interest earned.

The permanent mortgage loans for operating facilities made through December 31, 1996 are generally subject to seven to ten year terms with 25-year amortization schedules that provide for a balloon payment of the outstanding principal balance at the end of the term. Generally, the permanent mortgage loans provide five to seven years of prepayment protection.

Construction Financing

The Company provides construction financing that by their terms converts either into a long-term operating lease or mortgage loan upon the completion of the facilities. Generally, the rates on the outstanding balances of the Company's construction financings are 250 to 350 basis points over the prime rate of a specified financial institution. The Company also typically charges a commitment fee at the commencement of the financing. The construction financing period commences upon funding and terminates upon the earlier of the completion of development of the applicable facility or the end of a specified period, generally 12 to 18 months. During the term of the construction financing, funds are advanced pursuant to draw requests made by the operator in accordance with the terms and conditions of the applicable loan agreement, which terms require, among other things, a site visit by a Company representative prior to the advancement of funds. Monthly payments are made on the total amount of the proceeds advanced during the development period.

During the construction financing period, the Company generally requires additional security and collateral in the form of either payment and performance bonds and/or completion guarantees by either one, or a combination of, the operator's parent entity, other affiliates of the operator, or one or more of the individual principals of the operator.

At December 31, 1996, the Company had outstanding construction financings of $71,912,000 and was committed to providing additional financing of approximately $69,308,000 to complete construction.

BORROWING POLICIES

The Company may arrange for long-term borrowing from banks, private placements to institutional investors, or public offerings. For other short-term purposes, the Company may, from time to time, negotiate lines of credit, or arrange for other short-term borrowing from banks or others.

In addition, the Company may incur mortgage indebtedness on real estate that it has acquired through purchase, foreclosure or otherwise. When terms are deemed favorable, the Company may invest in properties subject to existing loans and mortgages. In addition, the Company may obtain financing for unleveraged properties in which it has invested or may refinance properties acquired on a leveraged basis.

Under documents pertaining to existing indebtedness, the Company is subject to various restrictions with respect to secured and unsecured indebtedness.

ALLOWANCE FOR LOSSES

The Company maintains an allowance for possible losses that is evaluated quarterly to determine its adequacy. See Notes 1 and 5 of Notes to Financial Statements. At December 31, 1996, $6,000,000 of the total allowance of $9,787,000 was allocated to two specific properties. The Company believes that its allowance is adequate.

COMPETITION

The Company competes with other real estate investment trusts, real estate partnerships, banks, insurance companies and other investors in the acquisition, leasing and financing of health care facilities.

The operators of the facilities compete on a local and regional basis with operators of facilities that provide comparable services. Operators compete for patients and residents based on a number of factors, including quality of care, reputation, physical appearance of facilities, services offered, family preferences, physicians, staff and price.

EMPLOYEES

As of December 31, 1996, the Company employed 19 full-time employees.

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.

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 beyond certain limits. 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. President Clinton recently proposed legislation that would, over six years, reduce Medicare spending by an estimated $138 billion. The proposed reductions include specific elements that would affect the Company's customers, including a prospective payment system for skilled nursing facilities that would reduce payments by approximately $9 billion. It is impossible to predict with any certainty what form any such legislation may ultimately take.

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 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 shareholders. 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 two loans in default. 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 1996, 1995 and 1994 and incurred an excise tax of approximately $317,000, $326,000 and $575,000 respectively, in those years. There is a cumulative underdistribution of $15,930,000 that will carry over to 1997 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.

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.

SUBSIDIARIES AND AFFILIATES

On November 1, 1993 and July 9, 1996, the Company formed two wholly-owned subsidiaries, HCRI Pennsylvania Properties, Inc. and HCRI Overlook Green, Inc., respectively. These Pennsylvania corporations were created to own real estate in the State of Pennsylvania.

On December 27, 1996 and December 30, 1996, the Company formed a wholly-owned subsidiary, HCRI Texas Properties, Inc., a Delaware corporation, and HCRI Texas Properties, Ltd., a Texas limited partnership, respectively. Both entities were created in connection with real estate investments in the State of Texas.

ITEM 2. PROPERTIES

The Company's headquarters are currently located at One SeaGate, Suite 1500, Toledo, Ohio 43604. The following table sets forth certain information regarding the facilities that comprise the Company's investments as of December 31, 1996.

Facility Location	Number of Facilities	Number of Beds/ Units	Total Investment(1)	Annualized Income(2)
NURSING FACILITIES:				
Arizona	3	351	16,913,172	1,938,824
California	1	122	3,888,000	438,178
Colorado	1	180	5,406,917	570,970
Connecticut	8	1,208	40,016,697	4,546,446
Florida	3	420	9,350,979	1,077,344
Georgia	1	170	4,709,514	506,744
Idaho	3	404	18,889,864	2,035,777
Indiana	1	50	1,183,919	172,734
Kentucky	1	92	4,609,386	491,500
Massachusetts	10	1,479	62,436,891	6,585,578
Michigan	2	300	4,816,756	579,404
Missouri	3	320	11,241,547	1,255,022
New York	1	200	7,456,928	811,314
Ohio	7	762	28,412,360	3,260,149
Oregon	1	121	5,833,229	593,239
Pennsylvania	2	287	13,126,237	1,482,105
Texas	7	1,120	20,724,155	2,225,828
West Virginia	1	65	1,324,018	236,734
Total	56	7,651	260,340,569	28,807,890
ASSISTED LIVING FACILITIES:				
Alabama	1	71	3,217,265	333,952
Florida	9	590	31,255,609	3,306,701

New Jersey	1	264	22,760,823	2,335,107
New Mexico	2	159	8,087,500	882,699
New York	5	606	42,285,000	4,477,574
North Carolina	5	256	13,063,901	1,472,907
Oklahoma	16	532	24,313,141	2,511,030
Pennsylvania	4	451	27,450,862	3,040,316
Texas	16	978	54,629,954	5,831,494
Virginia	4	245	9,558,847	1,140,658
Total	63	4,152	236,622,902	25,332,438
RETIREMENT CENTERS:				
Arizona	1	164	2,420,582	302,573
California	1	92	2,420,582	302,573
Illinois	2	320	13,034,770	527,963
Indiana	1	61	1,926,948	205,027
Missouri	1	195	5,158,000	644,750
New Mexico	1	150	8,396,735	361,178
North Carolina	1	126	13,000,000	1,368,770
Ohio	2	200	3,250,000	68,100
Texas	1	58	4,536,000	471,290
Total	11	1,366	54,143,617	4,252,224
SPECIALTY CARE FACILITIES:				
Arkansas	1	117	27,000,000	2,948,400
California	1	162	10,875,833	1,280,086
Minnesota	1	N/A	677,480	84,685
Texas	1	70	13,750,000	1,431,375
Washington D.C	1	110	17,245,787	1,997,062
Total	5	459	69,549,100	7,741,608
BEHAVIORAL CARE FACILITIES:				
Florida	2	294	6,727,804	N/A
TOTAL ALL FACILITIES: .	137	13,922	627,383,992	66,134,160

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(1) Reflects gross investment less specified allowance for losses, except for facilities under construction, for which the Company's total investment commitment is reflected.

(2) Reflects contract rate of annual base rent or interest received or to be received upon completion of construction.

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

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 Tape and dividends paid per share. There were 5,446 shareholders of record as of December 31, 1996.

	SALES PRICE HIGH	SALES PRICE LOW	DIVIDENDS PAID
1996			
First Quarter	$ 22.625	$ 17.875	$ 0.52
Second Quarter	23	20.50	0.52
Third Quarter	23.25	20.875	0.52
Fourth Quarter	25.25	23	0.52
1995			
First Quarter	$ 22.375	$ 19.875	$ 0.515
Second Quarter	23.125	20.375	0.52
Third Quarter	21.50	15.50	0.52
Fourth Quarter	19.125	15.75	0.52

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1996 are derived from the audited consolidated financial statements of the Company.

	Year Ended December 31, (In thousands, except per share data)				
	1996	1995	1994	1993	1992
OPERATING DATA					
Revenues	$54,402	$44,596	$42,732	$36,018	$28,908
Expenses:					
Interest expense	14,635	12,752	9,684	10,817	8,160
Provision for depreciation	2,427	1,580	1,385	790	382
General and administrative and other expenses (1)	6,664	10,835	6,710	4,356	3,851
Settlement of management contract (2)	--	5,794	--	--	--
Total expenses	23,726	30,961	17,779	15,963	12,393
Net income	$30,676	$13,635	$24,953	$20,055	$16,515
OTHER DATA					
Average number of shares outstanding	14,093	11,710	11,519	9,339	8,629
Cash available for distribution (3)	$37,075	$27,938	$31,697	$22,780	$18,654

PER SHARE

Net income	$ 2.18	$ 1.16	$ 2.17	$ 2.15	$ 1.91
Cash distributions	$ 2.08	$ 2.075	$ 2.01	$ 1.93	$ 1.85

	December 31,				
	(In thousands)				
	1996	1995	1994	1993	1992
BALANCE SHEET DATA					
Real estate investments, net	$512,894	$351,924	$318,433	$276,858	$223,126
Total assets	519,831	358,092	324,102	285,024	226,207
Total debt	184,395	162,760	128,273	96,311	103,719
Total liabilities	194,295	170,494	134,922	100,892	107,259
Total shareholders' equity	325,536	187,598	189,180	184,132	118,948

(1) General and administrative and other expenses include loan expense, management fees through November 30, 1995, provision for losses, expenses related to disposition of investments and other operating expenses.

(2) On November 30, 1995, the Company's advisor merged into the Company. Consideration for this transaction totaled approximately $5,048,000 which was solely comprised of 282,407 Shares. In addition, the Company acquired approximately $46,000 in net assets and incurred approximately $792,000 of related transaction expenses. The consideration, plus related transaction expenses, were accounted for as a settlement of a management contract.

(3) Cash available for distribution is defined as net cash provided from operating activities, but does not consider the effects of changes in operating assets and liabilities such as other receivables and accrued expenses. The Company uses cash available for distribution in evaluating investments and the Company's operating performance. Cash available for distribution does not represent cash generated from operating activities in accordance with generally accepted accounting principles, is not necessarily indicative of cash available to fund cash needs, and should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flow as a measure of liquidity.

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

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1996, the Company's net real estate investments totaled approximately $512,894,000, which included 56 nursing facilities, 63 assisted living facilities, 11 retirement centers, five specialty care facilities and two behavioral care facilities. The Company funds its investments through a combination of long-term and short-term financing, utilizing both debt and equity.

During 1996, the Company provided permanent mortgage financings of $69,970,000, invested $31,900,000 in operating leases and made construction advances of $93,993,000. During 1996, the Company received principal payments on real estate mortgages of $3,080,000, net repayments on working capital loans of $2,053,000 and proceeds of $52,047,000 from the prepayment of mortgage loans.

Also during 1996, 16 of the above-mentioned construction loans completed the construction phase of the Company's investment process and were converted to investments in operating leases, with an aggregate investment of $26,418,000, and 4 construction loans converted to permanent mortgage loans with an aggregate investment balance of $24,298,000.

As of December 31, 1996, the Company had shareholders' equity of $325,536,000 and a total outstanding debt balance of approximately $184,395,000, which represents a debt to equity ratio of 0.57 to 1.0.

In April 1996, the Company issued Senior Notes in the aggregate principal amount of $30,000,000 which mature in 2001 and 2003, and have a weighted average interest rate of 7.18%. The notes are secured by approximately $40,000,000 of assets.

In May 1996, the Company issued 2,322,200 shares of Common Stock, $1.00 par value per share, at the price of $22.00 per share, which generated net proceeds of $48,103,000 to the Company.

In September 1996, the Company issued 1,587,800 shares of Common Stock, $1.00 par value per share, at the price of $22.00 per share, which generated net proceeds to the Company of $34,111,000.

In December 1996, the Company issued 2,200,000 shares of Common Stock, $1.00 par value per share, at the price of $23.875 per share, which generated net proceeds to the Company of $49,898,000.

As of December 31, 1996, the Company had a secured revolving line of credit expiring March 31, 1997 in the amount of $150,000,000 bearing interest at the lender's prime rate or LIBOR plus 1.50%. In addition, the Company had unsecured revolving lines of credit in the amounts of $25,000,000 and $10,000,000 bearing interest at the lenders' prime rate expiring May 31, 1997 and April 30, 1997, respectively. At December 31, 1996, under the Company's line of credit arrangements, available funding totaled $92,875,000.

As of February 4, 1997, the Company has effective shelf registrations on file with the Securities and Exchange Commission under which the Company may issue up to $300,000,000 of securities including debt, convertible debt, common and preferred stock. The Company anticipates issuing securities under such shelf registrations to invest in additional health care facilities and to repay borrowings under the Company's line of credit arrangements.

As of December 31, 1996, the Company had approximately $236,277,000 in unfunded commitments. The Company believes its liquidity and various sources of available capital are sufficient to fund operations, finance future investments, and meet debt service and dividend requirements.

RESULTS OF OPERATIONS DECEMBER 31, 1996 VS. DECEMBER 31, 1995

Revenues for the year ended December 31, 1996, were $54,402,000 compared to $44,596,000 for the year ended December 31, 1995, an increase of $9,806,000 or 22%. Revenue growth resulted primarily from increased interest income of $5,457,000, operating lease income of $3,496,000 and loan and commitment fees of $941,000 resulting primarily from additional real estate investments made during the past twelve to fifteen months.

Expenses for the year ended December 31, 1996, totaled $23,726,000, a decrease of $7,235,000 from expenses of $30,961,000 for the year ended December 31, 1995. Expenses for the year ended December 31, 1995, were negatively influenced by nonrecurring charges, primarily related to a $4,800,000 provision for losses and a $5,794,000 charge for the settlement of the management contract, an expense associated with the merger of the Company's advisor into the Company.

The provision for depreciation for the year ended December 31, 1996, totaled $2,427,000, an increase of $848,000 over the year ended 1995 as a result of additional operating lease investments.

Interest expense for the year ended December 31, 1996, was $14,635,000 compared to $12,752,000 for the year ended December 31, 1995. The increase in interest expense during 1996 was primarily due to the issuance of $30,000,000 Senior Notes in April 1996 and higher average borrowings under the Company's line of credit arrangements, which were offset by lower interest rates.

General and administrative expense for the year ended December 31, 1996 totaled $4,448,000 as compared to $5,284,000 for the year ended December 31, 1995. The expenses for the year ended December 31, 1996 were 8.18% of revenues as compared to 11.85% for the year ended December 31, 1995.

It is the Company's intention to systematically eliminate its investments in behavioral care facilities. As a result, at September 30, 1996, the Company declared a disposition of investment associated with its behavioral care portfolio. As a result, any gains realized through the repayment or sale of investments associated with the Company's behavioral care facilities will be added to the Company's general allowance for losses and applied against any losses incurred through the repayment or sale of behavioral care related investments. During the year ended December 31, 1996, the Company recorded an $808,000 disposition of investment expense as an offset to an $808,000 prepayment fee received from the repayment of two behavioral care related mortgage loans. Additionally, the Company's general allowance for losses was reduced by $481,000, resulting from the repayment of these loans.

As a result of the various factors mentioned above, net income for the year ended December 31, 1996, was $30,676,000 as compared to $13,635,000 for the year ended December 31, 1995. Net income per share for the year ended December 31, 1996, was $2.18 versus $1.16 for the year ended December 31, 1995. The per share increase resulted from an increase in net income offset by an increase in average shares outstanding during 1996.

RESULTS OF OPERATIONS DECEMBER 31, 1995 VS. DECEMBER 31, 1994

Revenues for the year ended December 31, 1995, were $44,596,000 compared to $42,732,000 for the year ended December 31, 1994, an increase of $1,864,000 or 4.4%. Revenue growth resulted primarily from increased interest income of $6,731,000 and increased operating lease income of $872,000 resulting primarily from additional real estate investments made during the previous twelve months. The growth in interest income and rental income was offset by a high incidence of prepayment fees and gains on the exercise of purchase options earned during 1994, which totaled $6,982,000 as compared to $4,082,000 for 1995.

Expenses for the year ended December 31, 1995, totaled $30,961,000, an increase of $13,182,000 from expenses of $17,779,000 for the year ended December 31, 1994. Expenses for the year ended December 31, 1995, were negatively influenced by nonrecurring charges, primarily related to a $4,800,000 provision for losses and a $5,794,000 charge for the settlement of the management contract, an expense associated with the merger of the Company's advisor into the Company.

The provision for depreciation for the year ended December 31, 1995, totaled $1,580,000, an increase of $194,000 over the year ended December 31, 1994 as a result of additional operating lease investments.

Interest expense for the year ended December 31, 1995, was $12,752,000 compared to $9,684,000 for the year ended December 31, 1994. The increase in interest expense during 1995 was primarily due to higher average borrowings under the Company's line of credit arrangements, and higher costs of borrowing.

General and administrative expense for the year ended December 31, 1995 totaled $5,284,000 as compared to $5,072,000 for the year ended December 31, 1994. The expenses for the year ended December 31, 1995 were 11.85% of revenues as compared to 11.87% for the year ended December 31, 1994.

As a result of the various factors mentioned above, net income for the year ended December 31, 1995, was $13,635,000 as compared to $24,953,000 for the year ended December 31, 1994. Net income per share for the year ended December 31, 1995, was $1.16 versus $2.17 for the year ended December 31, 1994. The per share decrease resulted from a decrease in net income.

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, 1996 and 1995 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedules listed in the Index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Health Care REIT, Inc. at December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

January 31, 1997
Toledo, Ohio

HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1996	1995
ASSETS		
Real estate investments:		
Loans receivable	$358,182,032	$291,998,722
Operating-lease properties	153,622,844	58,628,509
Direct financing leases	10,876,071	11,246,492
	522,680,947	361,873,723
Less allowance for losses	9,786,940	9,950,000
Net real estate investments	512,894,007	351,923,723
Other Assets:		
Deferred loan expenses	1,431,537	1,747,537
Cash and cash equivalents	581,390	860,350
Investment securities available for sale	768,451	845,297
Receivables and other assets	4,155,812	2,715,146
	6,937,190	6,168,330
Total assets	$519,831,197	$358,092,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit arrangements	$ 92,125,000	$106,700,000
Senior notes	82,000,000	52,000,000
Other long-term obligations	10,270,011	4,059,639
Accrued expenses and other liabilities	9,900,045	7,734,618
Total liabilities	194,295,056	170,494,257

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 - 18,320,291 shares in 1996 and 12,034,196 shares in 1995	18,320,291	12,034,196
Capital in excess of par value	298,280,949	168,800,194
Undistributed net income	8,166,450	5,918,109
Unrealized gains on investment securities available for sale	768,451	845,297
Total shareholders' equity	325,536,141	187,597,796
Total liabilities and shareholders' equity	$519,831,197	$358,092,053

See accompanying notes

HEALTH CARE REIT, INC.

CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
Revenues:			
Interest on loans receivable	$36,734,438	$30,836,649	24,545,933
Prepayment fees	3,058,556	4,081,923	1,492,538
Direct financing leases:			
Lease income	1,464,091	1,528,655	4,353,192
Gain on exercise of options	421,167		5,389,399
Operating leases:			
Rents	9,847,853	6,351,822	5,480,232
Gain on exercise of options	155,270		100,029
Loan and commitment fees	2,607,292	1,666,286	1,184,024
Interest and other income	113,148	130,592	186,684
	54,401,815	44,595,927	42,732,031
Expenses:			
Interest:			
Line of credit arrangements	8,243,975	7,472,418	3,537,555
Senior notes and other long-term obligations	6,390,810	5,279,232	6,146,589
Loan expense	808,182	752,115	637,625
Management fees		2,385,535	3,086,988
Provision for depreciation	2,427,252	1,579,544	1,385,077

Provision for losses	600,000	4,800,000	1,000,000
Disposition of investment	807,791		
Settlement of management contract ..		5,793,534	
Other operating expenses	4,448,243	2,898,576	1,985,279
	23,726,253	30,960,954	17,779,113
Net income	$30,675,562	$13,634,973	$24,952,918
Net income per share	$ 2.18	$ 1.16	$ 2.17
Average number of shares outstanding .	14,093,028	11,709,642	11,519,123

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, 1994	$ 11,446,249	$ 158,013,957	$ 14,671,622	$	$ 184,131,828
Net income			24,952,918		24,952,918
Proceeds from issuance of 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 shares under the dividend reinvestment and stock option plans	156,674	2,947,818			3,104,492
Issuance of shares related to settlement of management contract	282,407	4,765,618		845,297	5,048,025
Unrealized gains on investment securities available for sale					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
Net income			30,675,562		30,675,562
Proceeds from issuance of shares under the dividend reinvestment and stock option plan	176,095	3,479,211			3,655,306
Proceeds from sale of shares, net of expenses of $6,433,456	6,110,000	126,001,544			132,111,544
Change in unrealized gains on investment securities available for sale				(76,846)	(76,846)
Cash dividends paid - $2.08 per share			(28,427,221)		(28,427,221)
Balances at December 31, 1996	$ 18,320,291	$ 298,280,949	$ 8,166,450	$ 768,451	$ 325,536,141

See accompanying notes

HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
OPERATING ACTIVITIES			
Net income	$ 30,675,562	$ 13,634,973	$ 24,952,918
Adjustments to reconcile net income to net cash provided from operating activities:			
Amortization of loan and organization expenses	810,339	749,270	639,781
Provision for losses	600,000	4,800,000	1,000,000
Disposition of investment	807,791		
Provision for depreciation	2,461,013	1,579,544	1,385,077
Settlement of management contract		5,001,624	
Loan and commitment fees earned less than cash received	1,764,417	1,466,865	693,213
Direct financing lease income less than cash received	90,422	181,229	905,860
Interest income (more than) less than cash received	(134,433)	524,907	2,120,035
(Increase) decrease in accrued expenses and other liabilities	401,010	(381,671)	856,127
Increase in receivables and other assets	(1,256,386)	(403,955)	(575,571)
Net cash provided from operating activities	36,219,735	27,152,786	31,977,440
INVESTING ACTIVITIES			
Investment in loans receivable	(168,845,040)	(107,296,680)	(118,204,990)
Investment in operating-lease properties	(66,082,923)	(2,976,000)	(14,053,050)
Investment in direct financing leases			(1,300,000)
Principal collected on loans	60,658,661	69,696,762	48,760,717
Proceeds from exercise of purchase options	9,507,988		38,330,065
Other	(220,198)	(3,150)	
Net cash used in investing activities	(164,981,512)	(40,579,068)	(46,467,258)
FINANCING ACTIVITIES			
Net (decrease) increase under line of credit arrangements	(14,575,000)	35,800,000	35,900,000
Borrowings under senior notes	30,000,000		
Assumption of mortgage loan payable	6,539,434		
Principal payments on other long-term obligations	(329,062)	(1,313,151)	(3,938,325)
Net proceeds from the issuance of shares	135,766,850	3,104,492	3,221,667
Increase in deferred loan expense	(492,184)	(25,392)	(1,527,751)
Cash distributions to shareholders	(28,427,221)	(24,214,766)	(23,126,638)
Net cash provided from financing activities	128,482,817	13,351,183	10,528,953
Decrease in cash and cash equivalents	(278,960)	(75,099)	(3,960,865)
Cash and cash equivalents at beginning of year	860,350	935,449	4,896,314
Cash and cash equivalents at end of year	$ 581,390	$ 860,350	$ 935,449

See accompanying notes

HEALTH CARE REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1996

1. ACCOUNTING POLICIES AND RELATED MATTERS

INDUSTRY

The Company is a self-administered real estate investment trust that invests primarily in long-term care facilities, which include nursing homes, assisted living facilities, and retirement centers. The Company also invests in specialty care facilities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries 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, behavioral 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. The leases provide for payment of all taxes, insurance and maintenance by the lessees. Operating lease income includes the rent payments, which are 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.

1. ACCOUNTING POLICIES AND RELATED MATTERS (CONTINUED)

CAPITALIZATION OF CONSTRUCTION PERIOD INTEREST

The Company capitalizes interest costs associated with funds used to finance the construction of facilities. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing.

ALLOWANCE FOR LOSSES

The allowance for losses is maintained at a level believed adequate to absorb potential losses in the Company's real estate 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, 1996, 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.

1. ACCOUNTING POLICIES AND RELATED MATTERS (CONTINUED)

STOCK OPTIONS

The Company typically 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 has elected to follow APB Opinion No. 25, Accounting for Stock Issued to Employees in accounting for its employee stock options, and, accordingly, recognizes no compensation expense for the stock option grants when the market price on the underlying stock on the date of grant equals the exercise price of the Company's employee stock option. The effect of applying Financial Accounting Standards Board (FASB) Statement No. 123, Accounting for Stock-Based Compensation, fair value method to the Company's stock based awards results in net income and earnings per share that are not materially different from amounts reported.

NET INCOME PER SHARE

Net income per share has been computed by dividing net income by the weighted average number of common stock and common stock equivalents outstanding during the year.

2. LOANS RECEIVABLE

The following is a summary of loans receivable:

	December 31 1996	December 31 1995
Mortgage loans	$290,515,494	$245,150,474
Mortgage loans to related parties	1,926,949	22,333,209
Construction loans	61,012,838	17,735,699
Working capital loans to related parties	4,726,751	6,779,340
TOTALS	$358,182,032	$291,998,722

Loans to related parties (various entities whose ownership includes three Company directors and former officers) included above are at competitive rates, and are equal to or greater than the Company's net interest cost on borrowings to support such loans. The amount of interest income and loan and commitment fees from related parties amounted to $3,089,376, $3,378,347 and $3,810,340 for 1996, 1995 and 1994, respectively.

2. LOANS RECEIVABLE (CONTINUED)

The following is a summary of mortgage loans at December 31, 1996:

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount
In Default	2	Loans in default which are currently due and not accruing interest.	$13,700,000	$12,727,804
1997	1	Monthly payments of $7,531, including interest of 11.41%	250,000	55,556
1998	1	Monthly payment of $53,772, including interest of 12.67%	5,200,000	5,158,000
1999	1	Monthly payment of $15,584, including		

		interest of 10.64%	1,850,000	1,926,949
2001	2	Monthly payments from $39,500 to $51,217, including interest from 10.56% to 12.0%	6,303,509	6,084,397
2002	1	Monthly payment of $24,663, including interest at 12.0%	2,055,000	2,029,694
2003	1	Monthly payment of $45,828, including interest of 10.76%	4,761,192	4,709,514
2006	1	Monthly payment of $53,554, including interest of 10.82%	5,537,450	5,530,166
2007	9	Monthly payments from $5,447 to $42,708, including interest from 10.78% to 12.50%	21,398,117	17,700,225
2008	9	Monthly payments from $18,054 to $276,963, including interest from 10.38% to 13.01%	56,950,000	56,237,236
2009	5	Monthly payments from $24,933 to $62,377, including interest from 10.55% to 11.27%	24,645,610	24,625,201
2010	7	Monthly payments from $36,316 to $129,000, including interest from 10.32% to 10.97%	52,772,500	52,729,322
2012	1	Monthly payment of $40,078, including interest of 11.86%	3,843,000	3,838,786
2014	1	Monthly payment of $43,809, including interest of 12.94%	3,900,000	3,885,423
2015	7	Monthly payments from $22,479 to $113,940, including interest from 10.51% to 11.77%	46,597,063	46,245,611
2016	9	Monthly payments from $12,798 to $71,333, including interest from 10.39% to 10.97%	44,699,000	44,699,000
2017	1	Monthly payment of $37,839, including interest of 10.66%	4,259,559	4,259,559
		TOTALS	$298,722,000	$292,442,443

One loan (in default) has a prior lien of approximately $1,195,000; and six loans maturing in 2007 have prior liens aggregating $1,420,000.

3. INVESTMENT IN LEASES

The following are the components of operating-lease properties:

	December 31 1996	1995
Land	$ 12,948,930	$ 4,971,670
Buildings	125,687,310	54,251,570
Equipment	10,569,093	3,777,143
Accumulated depreciation	(6,482,065)	(4,371,874)
	142,723,268	58,628,509
Construction in progress	10,899,576	
	$ 153,622,844	$ 58,628,509

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

	December 31 1996	1995
Total minimum lease payments receivable	$ 17,290,955	$ 18,833,646
Estimated unguaranteed residual values of leased properties	5,778,943	6,063,649
Unearned income	(12,193,827)	(13,650,803)

Investment in direct financing leases	$ 10,876,071	$ 11,246,492

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, 1996, future minimum lease payments receivable (assuming that the option will not be exercised) are as follows:

	Direct Financing Leases	Operating Leases
1997	$1,665,320	17,278,925
1998	1,697,486	19,125,032
1999	1,729,651	19,336,480
2000	1,761,058	19,744,870
2001	1,438,148	20,255,021
Thereafter	8,999,292	100,752,859
TOTALS	$17,290,955	$196,493,187

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 1996, the Company restructured nineteen loans totalling $40,567,000 into operating leases. This noncash investing activity is appropriately not reflected in the accompanying statement of cash flows.

4. CONCENTRATION OF RISK

As of December 31, 1996, long-term care facilities comprised 85% of the Company's real estate investments and were located in 25 states. The Company's investments with the three largest operators totaled approximately 30%. No single operator has a real estate investment balance which exceeds 12% of total real estate investments, including credit enhancements.

5. ALLOWANCE FOR LOSSES

The following is a summary of the allowance for losses for 1996, 1995 and 1994.

Balances at January 1, 1994	$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
Provision for losses	600,000
Disposition of investment	807,791
Charge-offs	(1,570,851)
Balances at December 31, 1996	$9,786,940

The allowance consists of $6,000,000 relating to specifically identified loans 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.

6. 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, 1996 was 7.39%. 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, 1996, the revolving line of credit was collateralized by 41 real estate 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, 1997. Borrowings under these lines of credit are subject to interest at each bank's prime rate of interest (8.25% at December 31, 1996) and are due on demand.

6. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS AND RELATED ITEMS (CONTINUED)

The following information relates to aggregate borrowings under the line of credit arrangements:

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
Balance outstanding at December 31	$ 92,125,000	$106,700,000	$ 70,900,000
Maximum amount outstanding at any month end	142,600,000	119,100,000	70,900,000
Average amount outstanding (total of daily principal balances divided by days in year)	110,666,754	88,850,548	51,422,466
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	7.72%	8.41%	6.88%

The Company has a five-year interest rate swap agreement totalling $20,000,000, which expires in 1997, for the purpose of reducing the Company's interest rate risk on its borrowings under the revolving credit. The maximum rate of interest under the swap agreement is 8.77%. At December 31, 1996, the Company had elected to borrow $20,000,000 at six-month LIBOR. The differential to be paid or received is accrued as interest rates change and is 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, 1996, the Company was at risk for rising interest rates because its variable interest rate debt exceeded its variable interest rate assets.

Interest paid amounted to $14,210,532, $13,083,783 and $9,256,551 for 1996, 1995 and 1994, respectively, which includes $298,562, $706,318 and $1,309,368, respectively, for the net cost of the swaps. The Company capitalized interest costs of $287,397 during 1996 related to construction of its facilities.

7. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS

The Company has $82,000,000 of Senior Notes with interest ranging from 6.96% to 8.24% and maturing at various dates to 2003. These notes are collateralized by 23 real estate investments in health care facilities.

7. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

The following information relates to other long-term obligations:

	December 31 1996	1995
Notes payable related to industrial development bonds, collateralized by two health care facilities, interest rates from 11.25% to 15%, maturing at various dates to 2002	$ 2,320,000	$2,545,000
Mortgage notes payable, collateralized by two health care facilities, interest rates from 7.625% to 12%, maturing at various dates to 2034	7,950,011	1,514,639
TOTALS	$10,270,011	$4,059,639

At December 31, 1996, the annual principal payments on these long-term obligations for the succeeding five years are 1997 - $695,134; 1998 - $23,366,282; 1999 - $239,677; 2000 - $15,273,977; and 2001 - $10,319,285.

8. 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. The options granted under the 1985 Plan continue to vest through 2005 and expire ten years from the date of grant. Officers and key salaried employees of the Company are eligible to participate in the 1995 plan. 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 Plans for the years ended December 31:

	1996		1995	
	Shares	Average Exercise Price	Shares	Average Exercise Price
Options at beginning of year	485,268	$19.95	183,140	$20.71
Options granted	425,000	19.14	316,268	19.28
Options exercised	(44,000)	17.66	(14,140)	14.81
Options terminated	(117,000)	20.67		
	749,268	$19.51	485,268	$19.95
At end of year:				
Shares exercisable	226,160	$21.45	243,198	$20.10

The Company has a 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 $90,000 and $6,000 in 1996 and 1995, respectively.

HEALTH CARE REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. 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 $317,000, $326,000 and $575,000 for the years ended December 31, 1996, 1995 and 1994, respectively. Undistributed net income for federal income tax purposes amounted to $15,930,000 at December 31, 1996. 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 provision for losses for reporting purposes versus bad debt expense for tax purposes.

Cash distributions paid to shareholders, for federal income tax purposes, are as follows:

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
Per Share:			

Ordinary income	$2.03	$2.075	$ .72
Capital gains	.05		1.29
TOTALS	$2.08	$2.075	$2.01

10. COMMITMENTS AND CONTINGENCIES

At December 31, 1996, the Company has outstanding commitments to provide financing for facilities in the approximate amount of $236,277,000. 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 several 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 agreements. 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, 1996, obligations under these agreements for which the Company was contingently liable aggregated approximately $18,815,000, all of which were with related parties.

11. MANAGEMENT AGREEMENT

Through November 30, 1995, the Company had a management agreement with First Toledo Advisory Company (the Manager). Two of the Company's directors were officers and co-owners of the Manager. The Company accrued a fee to the Manager 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.

12. 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 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 Common 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.

13. 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--The carrying amount of the line of credit approximates fair value because the borrowings are interest rate adjustable.

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.

HEALTH CARE REIT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1996 and 1995 are as follows:

	December 31, 1996		December 31, 1995	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Mortgage loans	$292,442,443	$300,136,000	$267,483,683	$276,648,000
Working capital and construction loans	65,739,589	65,739,589	24,515,039	24,515,039
Cash and cash equivalents	581,390	581,390	860,350	860,350
Investment securities available-for-sale	768,451	768,451	845,297	845,297
Financial Liabilities:				
Borrowings under line of credit arrangements	92,125,000	92,125,000	106,700,000	106,700,000
Senior notes	82,000,000	82,301,000	52,000,000	54,203,000
Industrial development bonds	2,320,000	2,650,000	2,545,000	3,054,000
Mortgage loans payable	7,950,011	7,950,011	1,514,639	1,514,639

14. 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, 1996 and 1995:

	Year Ended December 31, 1996			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$10,890,381	$14,625,578	$14,068,308	$14,817,548
Net Income	5,677,108	8,568,871	7,383,279	9,046,304
Net Income Per Share	.47	.66	.50	.55

	Year Ended December 31, 1995			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 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

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 22, 1997.

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 22, 1997.

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 22, 1997.

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 22, 1997.

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

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

2. The following Financial Statement Schedules are included in Item 14 (d):

III - Real Estate and Accumulated Depreciation
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) Second Restated Certificate of Incorporation.

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) Rights Agreement.

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)(C) 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(ii)(D) Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 15, 1995.

10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc. as amended.
10(iii)(B)	The Health Care REIT, Inc. 1995 Stock Incentive Plan
21	Subsidiaries of the Registrant.
23	Consent of Independent Auditors.
24	Powers of Attorney.
27	Financial Data Schedule (Edgar version only).

(b) Reports on Form 8-K filed in the fourth quarter of 1996:

Form 8-K filed with the Securities and Exchange Commission on December 12, 1996.

(c) Exhibits:

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

(d) Financial Statement Schedules:

Financial statement schedules are included in pages 36 through 40.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTH CARE REIT, INC.
(Registrant)

By: GEORGE L. CHAPMAN

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February ___, 1997 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ William C. Ballard, Jr.*	/s/ Richard A. Unverferth*
William C. Ballard, Jr., Director	Richard A. Unverferth, Director
/s/ Pier C. Borra*	
Pier C. Borra, Director	Frederic D. Wolfe, Director
/s/ Bruce Douglas*	/s/ George L. Chapman
Bruce Douglas, Director	George L. Chapman, Chairman, Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ Richard C. Glowacki*	/s/ Edward F. Lange, Jr.*

Richard C. Glowacki, Director	Edward F. Lange, Jr., Chief Financial Officer (Principal Financial Officer)
/s/ Sharon M. Oster*	/s/ Michael A. Crabtree*
Sharon M. Oster, Director	Michael A. Crabtree, Controller (Principal Accounting Officer)
/s/ Bruce G. Thompson*	*By: /s/ George L. Chapman
Bruce G. Thompson, Director	George L. Chapman, Attorney-in-Fact

HEALTH CARE REIT, INC.
SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996

		Initial Cost to Company		Gross Amount at Which Carried at Close of Period				
Description	Encumbrances	Buildings & Improvements	Cost Capitalized Subsequent to Acquisition	Land	Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
ASSISTED LIVING FACILITIES:								
Bradenton, FL		$ 3,298,000		$ 252,000	$ 3,298,000	$ 91,928	1996	1995
Sarasota, FL		3,174,800		475,200	3,174,800	88,473	1996	1995
Newton, NC		819,240	180,000	20,760	999,240	66,769	1993	1985
Statesville, NC		1,331,265	292,500	33,735	1,623,765	108,500	1993	1990
Yadkinville, NC		1,262,995	277,500	32,005	1,540,495	102,936	1993	1983
Cranford, NJ		11,703,000		3,297,000	11,703,000	13,634	1996	1993
Bartlesville, OK		1,380,000		100,000	1,380,000	34,781	1994	1995
Chickasha, OK		1,395,000		85,000	1,395,000	28,422	1995	1996
Duncan, OK		1,347,000		103,000	1,347,000	17,877	1995	1996
Edmond, OK		1,564,000		175,000	1,564,000	20,363	1995	1996
Enid, OK		1,390,000		90,000	1,390,000	35,000	1995	1996
Lawton, OK		1,456,000		144,000	1,456,000	19,126	1995	1996
Midwest City, OK		1,385,000		95,000	1,385,000	34,891	1996	1996
Muskogee, OK		1,432,500		150,000	1,432,500	5,143	1996	1996
Norman, OK		1,484,000		55,000	1,484,000	23,367	1995	1996
N. Oklahoma City, OK		1,508,000		87,000	1,508,000	1,793	1995	1996
Oklahoma City, OK		1,350,000		130,000	1,350,000	27,253	1995	1996
Ponca City, OK		1,536,000		114,000	1,536,000	54,874	1995	1995
Shawnee, OK		1,400,000		80,000	1,400,000	34,964	1995	1996
Stillwater, OK		1,400,000		80,000	1,400,000	35,219	1995	1996
Pittsburgh, PA	$ 6,529,558	10,157,760		423,240	10,157,760	99,050	1996	1989
Pittsburgh, PA		6,736,040		429,960	6,736,040	126,151	1996	1989
Claremore, TX		1,427,500		155,000	1,427,500	5,127	1996	1996
Ft. Worth, TX		3,790,000		210,000	3,790,000	73,726	1992	1984
Houston, TX		3,138,640		261,360	3,138,640	46,136	1994	1995
Owasso, TX		1,380,000		215,000	1,380,000	1,660	1996	1996
Palestine, TX		1,409,500		173,000	1,409,500	5,071	1996	1996
Texarkana, TX		1,403,000		192,000	1,403,000	1,683	1996	1996
Waxahachie, TX		1,428,500		154,000	1,428,500	5,130	1996	1996
Chesapeake, VA		889,714	120,960	81,327	1,010,674	94,742	1993	1988
Poquoson, VA		1,313,386	178,560	120,053	1,491,946	139,857	1993	1987
Williamsburg, VA		2,033,630	276,480	185,890	2,310,110	216,553	1993	1987
Total Assisted Living Facilities:		$76,724,470	$ 1,326,000	$ 8,199,530	$78,050,470	$1,660,199		

SCHEDULE III - Continued

Description	Encumbrances	Initial Cost to Company: Buildings & Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period: Land	Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
SKILLED NURSING FACILITIES:								
Camp Verde, AZ		3,148,543		$ 275,000	$ 3,148,543	$1,040,538	1990	1985
Southington, CT		9,563,000		937,000	9,563,000	911,789	1993	1975
Owensboro, KY		4,870,000		130,000	4,870,000	390,615	1993	1967
Fall River, MA		5,080,000		620,000	5,080,000	20,234	1996	1973
Falmouth, MA		3,022,000		670,000	3,022,000	4,207	1996	1966
South Boston, MA		1,463,000		385,000	1,463,000	2,478	1995	1961
Webster, MA		8,790,000		570,000	8,790,000	11,514	1995	1982
Kent, OH		3,366,890		214,900	3,366,890	290,213	1989	1983
Easton, PA		6,315,000		285,000	6,315,000	850,817	1993	1959
San Antonio, TX		12,587,500		662,500	12,587,500	1,299,460	1993	1978
Total Skilled Nursing Facilities		$58,205,933		$4,749,400	$58,205,933	$4,821,865		
Construction in Progress				2,710,000	8,189,576			
Total Investment in Properties		$134,930,403	$1,326,000	$15,658,930	$144,445,979	$6,482,065		

Reconciliation of Real Estate:

Carrying cost:			Accumulated depreciation:		
Balance at beginning period:		$63,000,383	Balance at beginning of period:		$4,371,874
Additions during period:			Additions during period:		
Acquisitions	$50,398,346		Depreciation expense	$2,427,253	
Improvements, etc.	15,684,577				
Other (1)	40,846,653	106,929,576			2,427,253
		169,929,959			6,799,127
Deductions during period:			Deductions during period:		
Gross carrying cost of real estate sold		(9,825,050)	Accumulated depreciation on real estate sold		(317,062)
Balance at end of period		$160,104,909	Balance at end of period		$6,482,065

(1) Includes $40,566,653 of mortgage loans and $280,000 of Direct Financing Leases that were converted to operating lease properties during 1996.

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

DECEMBER 31, 1996

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	FACE AMOUNT OF MORTGAGES	CARRYING AMOUNT OF MORTGAGES	PRINCIPAL AMOUNT OF LOANS SUBJECT TO DELINQUENT PRINCIPAL OR INTEREST
FIRST MORTGAGES:							
McAllen, TX (Specialty Care Facility)	10.41%	01/01/10	Monthly Payments $119,281		$13,750,000	$13,750,000	None
Brea, CA (Specialty Care Facility)	11.77%	07/01/15	Monthly Payments $113,940		11,000,000	10,875,833	None
Washington, D.C. (Specialty Care Facility)	11.58%	07/01/15	Monthly Payments $173,234		17,350,000	17,245,787	None
Farmington, CT Manchester, CT Manchester, CT Manchester, CT New Haven, CT Waterbury, CT (6 Nursing Homes)	12.69%	12/01/08	Monthly Payments $276,963		25,100,000	24,738,935	None
Stoughton, MA (Nursing Home)	10.32%	03/01/10	Monthly Payments $129,000		15,000,000	15,000,000	None
Little Rock, AK (Specialty Care Facility)	10.75%	01/01/04	Monthly Payments $228,972		27,000,000	25,559,664	None

SCHEDULE IV - Continued

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Deliquent Principal or Interest
47 mortgage loans relating to 32 nursing homes, 12 assisted living facilities, 5 retirement centers, 2 behavioral care facilities and 1 specialty care facility	From 10.38% to 13.01%	From 12/01/98- 01/01/17			$217,957,884	$208,201,229(A)	$16,983,827 (B)
13 construction loans (all with first mortgage liens) relating to 11 assisted living facilities, 1 nursing home and 1 retirement center	From 10.75% to 11.75%	N/A			77,634,700	35,453,174	
SECOND MORTGAGES:							
1 nursing home and 1 behavioral care facility	11.41%	08/01/97 loan currently in default is due and payable			3,950,000	2,630,659	2,575,103(B)
		TOTALS			$408,742,584	$353,455,281	$19,558,930

(A) For income tax purposes, the cost of investments is the carrying amount less $6,000,000, 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 $6,000,000 of its allowance to reduce their carrying value to their estimated net realizable value.

SCHEDULE IV - Continued

	Year Ended December 31		
	1996	1995	1994
Reconciliation of mortgage loans:			
Balance at beginning of period	$285,219,382	$247,885,457	$178,047,274
Additions during period:			
New mortgage loans	163,963,054	103,275,637	112,764,951
Negative principal amortization	134,433	311,295	642,630
Other (1)			3,656,084
	449,316,869	351,442,389	295,110,939
Deductions during period:			
Collections of principal (2)	55,294,935	66,223,007	47,255,482
Other (3)	40,566,653		
Balance at end of period	$353,455,281	$285,219,382	$247,855,457

(1) During 1994, the Company restructured a direct financing lease into a

mortgage loan.

(2) Includes collection of negative principal amortization.

(3) During 1996, the Company restructured nineteen loans into operating leases.

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(1)	3(i)	Second Restated Certificate of Incorporation.	
2(2)	3(ii)	By-Laws, as amended.	
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(3)	10(ii)(A)	Rights Agreement.	
5(4)	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(5)	10(ii)(C)	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(6)	10(ii)(D)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated April 15, 1995.	
8(7)	10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., as amended.	
9(8)	10(iii)(B)	The Health Care REIT, Inc. 1995 Stock Incentive Plan	
10	21	Subsidiaries of the Registrant.	
11	23	Consent of Independent Auditors.	
12	24	Powers of Attorney.	
13	27	Financial Data Schedule (Edgar version only).	

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<FN>

1 Incorporated by reference to Exhibit 3(i) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.

2 Incorporated by reference to Exhibit 3(ii) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.

3 Incorporated by reference to the Exhibit to the Registrant's Form 8-A filed on April 3, 1994 (File No. 1-8923).

4 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.

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

6 Incorporated by reference to Exhibit 4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.

7 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.

8 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.

EXHIBIT 10

SUBSIDIARIES OF THE REGISTRANT

On November 1, 1993 and July 9, 1996, the Company formed two wholly-owned subsidiaries, HCRI Pennsylvania Properties, Inc. and HCRI Overlook Green, Inc., respectively. These Pennsylvania corporations were created to own real estate in the State of Pennsylvania.

On December 27, 1996 and December 30, 1996, the Company formed a wholly-owned subsidiary, HCRI Texas Properties, Inc., a Delaware corporation, and HCRI Texas Properties, Ltd., a Texas limited partnership, respectively. Both entities were created in connection with real estate investments in the State of Texas.

EXHIBIT 11

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 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 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. 333-1237) dated February 27, 1996 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1239) dated February 27, 1996 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan, the Registration Statement (Form S-3 No. 333-19537) dated January 10, 1997 and the Amendment No. 1 to the Registration Statement (Form S-3 No. 33-19801) dated January 29, 1997 of Health Care REIT, Inc. of our report dated January 31, 1997 with respect to the consolidated financial statements and schedules of Health Care REIT, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

ERNST & YOUNG LLP

Toledo, Ohio
February 7, 1996

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 6th day of February, 1997.

/S/ WILLIAM C. BALLARD, JR.

William C. Ballard, Jr., Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 6th day of February, 1997.

/S/ BRUCE DOUGLAS

Bruce Douglas, Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 2nd day of February, 1997.

/S/ RICHARD C. GLOWACKI

Richard C. Glowacki, Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN her true and lawful attorney-in-fact and agent, with full power to act, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets her hand this 31st day of January, 1997.

/S/ SHARON M. OSTER

Sharon M. Oster, Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 6th day of February, 1997.

/s/ BRUCE G. THOMPSON

Bruce G. Thompson, Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 5th day of February, 1997.

/S/ RICHARD A. UNVERFERTH

Richard A. Unverferth, Director

EXHIBIT 12

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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 7th day of February, 1997.

/s/ PIER C. BORRA

Pier C. Borra, Director

EXHIBIT 12

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director and the Chairman of the Board and Principal Executive Officer 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, 1996, hereby constitutes and appoints EDWARD F. LANGE, JR., his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as director and Chairman of the Board and Principal Executive Officer, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 6th day of February, 1997.

/s/ GEORGE L. CHAPMAN

George L. Chapman, Director,
Chairman of the Board and
Principal Executive Officer

EXHIBIT 12

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Principal Financial Officer and the Principal Accounting Officer 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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as the Principal Financial Officer and Principal Accounting Officer, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 5th day of February, 1997.

/s/ EDWARD F. LANGE, JR.

Edward F. Lange, Jr., Principal
Financial Officer and
Principal Accounting Officer

EXHIBIT 12

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Controller 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, 1996, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for his and in his name, place and stead, in the capacity as Controller, 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 attorney-in-fact and agent, 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 attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 4th day of February, 1997.

/s/ MICHAEL A. CRABTREE

Michael A. Crabtree, Controller

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