UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from __________ to __________

Commission file number: 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 No.)
4500 Dorr Street, Toledo, Ohio	**43615**
(Address of principal executive offices)	(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of July 28, 2015, the registrant had 351,884,894 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

CONSOLIDATED BALANCE SHEETS
HEALTH CARE REIT, INC. AND SUBSIDIARIES
(In thousands)

	June 30, 2015 (Unaudited)	December 31, 2014 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	$ 2,244,048	$ 2,046,541
Buildings and improvements	24,097,963	21,799,313
Acquired lease intangibles	1,214,628	1,135,936
Real property held for sale, net of accumulated depreciation	352,113	323,818
Construction in progress	159,352	186,327
Gross real property owned	28,068,104	25,491,935
Less accumulated depreciation and amortization	(3,363,834)	(3,020,908)
Net real property owned	24,704,270	22,471,027
Real estate loans receivable	760,543	380,169
Net real estate investments	25,464,813	22,851,196
Other assets:		
Investments in unconsolidated entities	569,621	744,151
Goodwill	68,321	68,321
Deferred loan expenses	65,727	69,282
Cash and cash equivalents	217,942	473,726
Restricted cash	72,706	79,697
Straight-line rent receivable	336,853	279,806
Receivables and other assets	611,499	448,117
Total other assets	1,942,669	2,163,100
Total assets	$ 27,407,482	$ 25,014,296
Liabilities and equity		
Liabilities:		
Borrowings under primary unsecured credit facility	$ 350,000	$ -
Senior unsecured notes	8,060,493	7,766,251
Secured debt	3,066,633	2,977,713
Capital lease obligations	75,240	84,049
Accrued expenses and other liabilities	650,437	626,825
Total liabilities	12,202,803	11,454,838
Redeemable noncontrolling interests	159,400	86,409
Equity:		
Preferred stock	1,006,250	1,006,250
Common stock	351,651	328,835
Capital in excess of par value	16,300,841	14,740,712
Treasury stock	(41,693)	(35,241)
Cumulative net income	3,378,096	2,842,022
Cumulative dividends	(6,230,540)	(5,635,923)
Accumulated other comprehensive income (loss)	(81,670)	(77,009)
Other equity	4,238	5,507
Total Health Care REIT, Inc. stockholders' equity	14,687,173	13,175,153
Noncontrolling interests	358,106	297,896
Total equity	15,045,279	13,473,049
Total liabilities and equity	$ 27,407,482	$ 25,014,296

NOTE: The consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
HEALTH CARE REIT, INC. AND SUBSIDIARIES
(In thousands, except per share data)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenues:				
Rental income	$ 396,626	$ 347,847	$ 776,213	$ 684,303
Resident fees and services	535,553	467,639	1,028,063	923,904
Interest income	20,576	8,933	37,570	17,527
Other income	4,414	2,027	9,500	2,520
Total revenues	957,169	826,446	1,851,346	1,628,254
Expenses:				
Interest expense	118,861	121,065	239,942	241,898
Property operating expenses	398,354	343,754	774,815	685,185
Depreciation and amortization	208,802	214,449	397,631	447,766
General and administrative	38,474	51,660	73,612	84,524
Transaction costs	12,491	7,040	61,045	7,993
Loss (gain) on derivatives, net	-	351	(58,427)	351
Loss (gain) on extinguishment of debt, net	18,887	531	34,288	383
Impairment of assets	-	-	2,220	-
Other expenses	10,583	-	10,583	-
Total expenses	806,452	738,850	1,535,709	1,468,100
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	150,717	87,596	315,637	160,154
Income tax (expense) benefit	(7,417)	(1,569)	(7,113)	(3,830)
Income (loss) from unconsolidated entities	(2,952)	(11,516)	(15,600)	(17,073)
Income (loss) from continuing operations	140,348	74,511	292,924	139,251
Discontinued operations:				
Gain (loss) on sales of discontinued properties, net	-	6,411	-	6,411
Income (loss) from discontinued operations, net	-	264	-	724
Discontinued operations, net	-	6,675	-	7,135
Gain (loss) on real estate dispositions, net	190,111	6,668	246,956	6,668
Net income	330,459	87,854	539,880	153,054
Less: Preferred stock dividends	16,352	16,352	32,703	32,705
Less: Net income (loss) attributable to noncontrolling interests(1)	1,534	(327)	3,804	(1,502)
Net income (loss) attributable to common stockholders	$ 312,573	$ 71,829	$ 503,373	$ 121,851
Average number of common shares outstanding:				
Basic	350,399	296,256	343,624	293,046
Diluted	351,366	297,995	344,623	294,590
Earnings per share:				
Basic:				
Income (loss) from continuing operations attributable to common stockholders, including real estate dispositions	$ 0.89	$ 0.22	$ 1.46	$ 0.39
Discontinued operations, net	-	0.02	-	0.02
Net income (loss) attributable to common stockholders*	$ 0.89	$ 0.24	$ 1.46	$ 0.42
Diluted:				
Income (loss) from continuing operations attributable to common stockholders, including real estate dispositions	$ 0.89	$ 0.22	$ 1.46	$ 0.39
Discontinued operations, net	-	0.02	-	0.02
Net income (loss) attributable to common stockholders*	$ 0.89	$ 0.24	$ 1.46	$ 0.41
Dividends declared and paid per common share	$ 0.825	$ 0.795	$ 1.65	$ 1.59

* Amounts may not sum due to rounding
(1) Includes amounts attributable to redeemable noncontrolling interests.

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
HEALTH CARE REIT, INC. AND SUBSIDIARIES
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$ 330,459	$ 87,854	$ 539,880	$ 153,054
Other comprehensive income (loss):				
Unrecognized gain (loss) on equity investments	(3,413)	(160)	(15,100)	389
Unrealized gains (losses) on cash flow hedges	462	432	(1,697)	872
Foreign currency translation gain (loss)	32,384	13,109	3,187	3,220
Total other comprehensive income (loss)	29,433	13,381	(13,610)	4,481
Total comprehensive income (loss)	359,892	101,235	526,270	157,535
Less: Total comprehensive income (loss) attributable to noncontrolling interests(1)	5,140	6,277	(5,145)	(2,910)
Total comprehensive income (loss) attributable to common stockholders	$ 354,752	$ 94,958	$ 531,415	$ 160,445

(1) Includes amounts attributable to redeemable noncontrolling interests.

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
HEALTH CARE REIT, INC. AND SUBSIDIARIES
(In thousands)

	Six Months Ended June 30, 2015									
	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at beginning of period	$ 1,006,250	$ 328,835	$ 14,740,712	$ (35,241)	$ 2,842,022	$ (5,635,923)	$ (77,009)	$ 5,507	$ 297,896	$ 13,473,049
Comprehensive income:										
Net income (loss)					536,074				3,975	540,049
Other comprehensive income							(4,661)		(8,949)	(13,610)
Total comprehensive income										526,439
Net change in noncontrolling interests			(2,786)						65,184	62,398
Amounts related to issuance of common stock from dividend reinvestment and stock incentive plans, net of forfeitures		2,189	154,463	(6,452)				(1,721)		148,479
Proceeds from issuance of common stock		19,550	1,403,714							1,423,264
Equity component of convertible debt		1,077	4,738							5,815
Option compensation expense								452		452
Cash dividends paid:										
Common stock cash dividends						(561,914)				(561,914)
Preferred stock cash dividends						(32,703)				(32,703)
Balances at end of period	$ 1,006,250	$ 351,651	$ 16,300,841	$ (41,693)	$ 3,378,096	$ (6,230,540)	$ (81,670)	$ 4,238	$ 358,106	$ 15,045,279

	Six Months Ended June 30, 2014									
	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income (Loss)	Other Equity	Noncontrolling Interests	Total
Balances at beginning of period	$ 1,017,361	$ 289,461	$ 12,418,520	$ (21,263)	$ 2,329,869	$ (4,600,854)	$ (24,531)	$ 6,020	$ 341,748	$ 11,756,331
Comprehensive income:										
Net income (loss)					154,556				(1,351)	153,205
Other comprehensive income							5,889		(1,408)	4,481
Total comprehensive income										157,686
Net change in noncontrolling interests			(4,680)						(6,868)	(11,548)
Amounts related to issuance of common stock from dividend reinvestment and stock incentive plans, net of forfeitures		2,561	147,486	(11,026)				(320)		138,701
Proceeds from issuance of common stock		16,100	952,417							968,517
Conversion of preferred stock	(11,111)	233	10,878							-
Option compensation expense								459		459
Cash dividends paid:										
Common stock cash dividends						(462,551)				(462,551)
Preferred stock cash dividends						(32,705)				(32,705)
Balances at end of period	$ 1,006,250	$ 308,355	$ 13,524,621	$ (32,289)	$ 2,484,425	$ (5,096,110)	$ (18,642)	$ 6,159	$ 332,121	$ 12,514,890

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
HEALTH CARE REIT, INC. AND SUBSIDIARIES
(In thousands)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Operating activities:		
Net income	$ 539,880	$ 153,054
Adjustments to reconcile net income to		
net cash provided from (used in) operating activities:		
Depreciation and amortization	397,631	447,766
Other amortization expenses	2,458	3,065
Impairment of assets	2,220	-
Stock-based compensation expense	20,178	21,837
Loss (gain) on derivatives, net	(58,427)	351
Loss (gain) on extinguishment of debt, net	34,288	383
Loss (income) from unconsolidated entities	15,600	17,073
Rental income in excess of cash received	(57,047)	(26,414)
Amortization related to above (below) market leases, net	870	365
Loss (gain) on sales of properties, net	(246,956)	(13,079)
Distributions by unconsolidated entities	282	7,155
Increase (decrease) in accrued expenses and other liabilities	10,417	5,433
Decrease (increase) in receivables and other assets	(42,048)	(21,455)
Net cash provided from (used in) operating activities	619,346	595,534
Investing activities:		
Cash disbursed for acquisitions	(2,153,970)	(488,066)
Cash disbursed for capital improvements to existing properties	(67,086)	(54,688)
Cash disbursed for construction in progress	(114,478)	(95,201)
Capitalized interest	(4,446)	(3,305)
Investment in real estate loans receivable	(416,588)	(54,877)
Other investments, net of payments	(110,531)	(47,858)
Principal collected on real estate loans receivable	37,342	20,941
Contributions to unconsolidated entities	(117,047)	(246,794)
Distributions by unconsolidated entities	116,288	22,925
Proceeds from (payments on) derivatives	72,477	-
Decrease in restricted cash	12,422	7,682
Proceeds from sales of real property	523,175	140,819
Net cash provided from (used in) investing activities	(2,222,442)	(798,422)
Financing activities:		
Net increase (decrease) under unsecured credit facilities	350,000	(130,000)
Proceeds from issuance of senior unsecured notes	743,407	-
Payments to extinguish senior unsecured notes	(477,550)	(1)
Net proceeds from the issuance of secured debt	136,801	10,690
Payments on secured debt	(323,950)	(219,980)
Net proceeds from the issuance of common stock	1,562,350	1,101,969
Decrease (increase) in deferred loan expenses	(5,285)	(3,395)
Contributions by noncontrolling interests(1)	4,926	4,485
Distributions to noncontrolling interests(1)	(19,371)	(14,208)
Acquisitions of noncontrolling interests	(4,741)	(1,175)
Cash distributions to stockholders	(594,617)	(495,256)
Other financing activities	(27,253)	(608)
Net cash provided from (used in) financing activities	1,344,717	252,521
Effect of foreign currency translation on cash and cash equivalents	2,595	(1,059)
Increase (decrease) in cash and cash equivalents	(255,784)	48,574
Cash and cash equivalents at beginning of period	473,726	158,780
Cash and cash equivalents at end of period	$ 217,942	$ 207,354
Supplemental cash flow information:		
Interest paid	$ 208,885	$ 224,544
Income taxes paid	10,140	11,955

(1) Includes amounts attributable to redeemable noncontrolling interests.

See notes to unaudited consolidated financial statements

1. Business

Health Care REIT, Inc., an S&P 500 company with headquarters in Toledo, Ohio, is an equity real estate investment trust ("REIT") that invests in seniors housing and health care real estate. Our full service platform offers property management and development services to our customers. As of June 30, 2015, our diversified portfolio consisted of 1,411 properties in 46 states, the United Kingdom, and Canada. Founded in 1970, we were the first real estate investment trust to invest exclusively in health care facilities.

2. Accounting Policies and Related Matters

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2015 are not necessarily an indication of the results that may be expected for the year ending December 31, 2015. For further information, refer to the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The standard is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is permitted beginning after December 15, 2016. We are currently evaluating the impact that the standard will have on our consolidated financial statements and have not yet determined the method by which we will adopt the standard.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis" ("ASU 2015-02"), which makes certain changes to both the variable interest model and the voting model, including changes to (1) the identification of variable interests (fees paid to a decision maker or service provider), (2) the variable interest entity characteristics for a limited partnership or similar entity and (3) the primary beneficiary determination. ASU 2015-02 is effective beginning January 1, 2016. We are continuing to evaluate this guidance; however, we do not expect its adoption to have a significant impact on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected. Upon adoption, we will apply the new guidance on a retrospective basis and adjust the balance sheet of each individual period presented to reflect the period-specific effects of applying the new guidance. The guidance is effective beginning January 1, 2016. We are continuing to evaluate this guidance; however, we do not expect its adoption to have a significant impact on our consolidated financial statements.

3. Real Property Acquisitions and Development

The total purchase price for all properties acquired has been allocated to the tangible and identifiable intangible assets, liabilities and noncontrolling interests based upon their respective fair values in accordance with our accounting policies. The results of operations for these acquisitions have been included in our consolidated results of operations since the date of acquisition and are a component of the appropriate segments. Transaction costs primarily represent costs incurred with property acquisitions, including due diligence costs, fees for legal and valuation services and termination of pre-existing relationships computed based on the fair value of the assets acquired, lease termination fees and other acquisition-related costs. Certain of our subsidiaries' functional currencies are the local currencies of their respective countries. See Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 for information regarding our foreign currency policies.

Triple-net Activity

	Six Months Ended	
(In thousands)	June 30, 2015(1)	June 30, 2014
Land and land improvements	$ 92,287	$ 18,530
Buildings and improvements	744,515	230,126
Acquired lease intangibles	2,817	-
Restricted cash	6	-
Receivables and other assets	60	-
Total assets acquired	839,685	248,656
Accrued expenses and other liabilities	(1,845)	-
Total liabilities assumed	(1,845)	-
Non-cash acquisition related activity	(936)	(1,839)
Cash disbursed for acquisitions	836,904	246,817
Construction in progress additions	74,694	55,535
Less: Capitalized interest	(3,303)	(2,332)
Foreign currency translation	240	(116)
Cash disbursed for construction in progress	71,631	53,087
Capital improvements to existing properties	19,029	10,381
Total cash invested in real property, net of cash acquired	$ 927,564	$ 310,285

(1) Includes acquisitions with an aggregate purchase price of $688,288,000 for which the allocation of the purchase price consideration is preliminary and subject to change.

Seniors Housing Operating Activity

	Six Months Ended	
(In thousands)	June 30, 2015(1)	June 30, 2014
Land and land improvements	$ 94,294	$ 3,546
Building and improvements	1,174,465	37,274
Acquired lease intangibles	71,089	5,569
Restricted cash	5,425	-
Receivables and other assets	23,645	33
Total assets acquired(2)	1,368,918	46,422
Secured debt	(208,960)	(12,846)
Accrued expenses and other liabilities	(19,011)	(853)
Total liabilities assumed	(227,971)	(13,699)
Noncontrolling interests	(86,842)	-
Cash disbursed for acquisitions	1,054,105	32,723
Construction in progress additions	19,926	2,348
Less: Capitalized interest	(715)	(75)
Foreign currency translation	(40)	-
Cash disbursed for construction in progress	19,171	2,273
Capital improvements to existing properties	32,766	32,171
Total cash invested in real property, net of cash acquired	$ 1,106,042	$ 67,167

(1) Includes acquisitions with an aggregate purchase price of $1,344,831,000 for which the allocation of the purchase price consideration is preliminary and subject to change.
(2) Excludes $3,390,000 and $245,000 of cash acquired during the six months ended June 30, 2015 and 2014, respectively.

Outpatient Medical Activity

	Six Months Ended	
(In thousands)	June 30, 2015 (1)	June 30, 2014
Land and land improvements	$ 737	$ 1,655
Buildings and improvements	426,130	212,572
Acquired lease intangibles	19,372	1,525
Receivables and other assets	-	249
Total assets acquired(2)	446,239	216,001
Secured debt	(112,000)	-
Accrued expenses and other liabilities	(2,743)	(7,475)
Total liabilities assumed	(114,743)	(7,475)
Noncontrolling interests	(68,535)	-
Cash disbursed for acquisitions	262,961	208,526
Construction in progress additions	26,025	49,805
Less: Capitalized interest	(428)	(898)
Accruals(3)	(1,921)	(9,584)
Cash disbursed for construction in progress	23,676	39,323
Capital improvements to existing properties	15,291	12,654
Total cash invested in real property	$ 301,928	$ 260,503

(1) Includes acquisitions with an aggregate purchase price of $440,220,000 for which the allocation of the purchase price consideration is preliminary and subject to change.
(2) Excludes $4,372,000 and $0 of cash acquired during the six months ended June 30, 2015 and 2014, respectively.
(3) Represents non-cash consideration accruals for amounts to be paid in future periods relating to properties that converted in the periods noted above.

Construction Activity

The following is a summary of the construction projects that were placed into service and began generating revenues during the periods presented (in thousands):

	Six Months Ended	
	June 30, 2015	June 30, 2014
Development projects:		
Triple-net	$ 72,775	$ 71,570
Senior housing - operating	19,869	-
Outpatient medical	16,592	42,799
Total development projects	109,236	114,369
Expansion projects	38,808	10,849
Total construction in progress conversions	$ 148,044	$ 125,218

4. Real Estate Intangibles

The following is a summary of our real estate intangibles, excluding those classified as held for sale, as of the dates indicated (dollars in thousands):

	June 30, 2015	December 31, 2014
Assets:		
In place lease intangibles	$ 1,049,407	$ 988,290
Above market tenant leases	82,298	65,684
Below market ground leases	61,159	62,426
Lease commissions	21,764	19,536
Gross historical cost	1,214,628	1,135,936
Accumulated amortization	(814,084)	(776,501)
Net book value	$ 400,544	$ 359,435
Weighted-average amortization period in years	16.2	17.8
Liabilities:		
Below market tenant leases	$ 89,909	$ 91,168
Above market ground leases	7,860	7,859
Gross historical cost	97,769	99,027
Accumulated amortization	(42,940)	(40,891)
Net book value	$ 54,829	$ 58,136
Weighted-average amortization period in years	15.5	14.5

The following is a summary of real estate intangible amortization for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Rental income related to above/below market tenant leases, net	$ (424)	$ 290	$ (217)	$ 245
Property operating expenses related to above/below market ground leases, net	(334)	(299)	(653)	(610)
Depreciation and amortization related to in place lease intangibles and lease commissions	(31,973)	(59,603)	(56,297)	(138,996)

The future estimated aggregate amortization of intangible assets and liabilities is as follows for the periods presented (in thousands):

	Assets	Liabilities
2015	$ 58,072	$ $3,364
2016	72,338	6,512
2017	43,880	6,052
2018	29,943	5,583
2019	23,946	5,325
Thereafter	172,365	27,993
Total	$ 400,544	$ 54,829

5. Dispositions, Assets Held for Sale and Discontinued Operations

We periodically sell properties for various reasons, including favorable market conditions or the exercise of tenant purchase options. The following is a summary of our real property disposition activity for the periods presented (in thousands):

	Six Months Ended	
	June 30, 2015	June 30, 2014
Real estate dispositions:		
Triple-net	$ 105,274	$ 41,124
Outpatient medical(1)	165,221	86,616
Land parcels	5,724	-
Total dispositions	276,219	127,740
Gain (loss) on real estate dispositions, net	246,956	13,079
Proceeds from real estate dispositions	$ 523,175	$ 140,819

(1) Primarily related to the disposition of an unconsolidated equity investment with Forest City Enterprises.

Dispositions and Assets Held for Sale

Pursuant to our adoption of ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"), operating results attributable to properties sold subsequent to or classified as held for sale after January 1, 2014 and which do not meet the definition of discontinued operations are no longer reclassified on our Consolidated Statements of Comprehensive Income. The following represents the activity related to these properties for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Rental income	$ 7,463	$ 30,857	$ 15,944	$ 62,817
Expenses:				
Interest expense	1,463	6,020	2,744	13,875
Property operating expenses	1,482	2,257	3,009	4,422
Provision for depreciation	2,394	9,316	4,277	19,059
Total expenses	5,339	17,593	10,030	37,356
Income (loss) from real estate dispositions, net	$ 2,124	$ 13,264	$ 5,914	$ 25,461

Discontinued Operations

We have reclassified the income and expenses attributable to all properties sold prior to or held for sale at January 1, 2014 to discontinued operations in accordance with ASU 2014-08. The following illustrates the reclassification impact as reported in our Consolidated Statements of Comprehensive Income as a result of classifying these properties as discontinued operations for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Rental income	$ -	$ 298	$ -	$ 881
Expenses:				
Interest expense	-	34	-	157
Total expenses	-	34	-	157
Income (loss) from discontinued operations, net	$ -	$ 264	$ -	$ 724

6. Real Estate Loans Receivable

The following is a summary of our real estate loan activity for the periods presented (in thousands):

	Six Months Ended					
	June 30, 2015			June 30, 2014		
	Triple-net	Outpatient Medical	Totals	Triple-net	Outpatient Medical	Totals
Advances on real estate loans receivable:						
Investments in new loans	$ 379,604	$ -	$ 379,604	$ 3,493	$ -	$ 3,493
Draws on existing loans	34,699	2,285	36,984	38,602	12,782	51,384
Net cash advances on real estate loans	414,303	2,285	416,588	42,095	12,782	54,877
Receipts on real estate loans receivable:						
Loan payoffs	25,656	-	25,656	3,950	-	3,950
Principal payments on loans	11,686	-	11,686	16,951	40	16,991
Net cash receipts on real estate loans	37,342	-	37,342	20,901	40	20,941
Net cash advances (receipts) on real estate loans	376,961	2,285	379,246	21,194	12,742	33,936
Change in balance due to foreign currency translation	1,127	-	1,127	1,104	-	1,104
Net change in real estate loans receivable	$ 378,088	$ 2,285	$ 380,373	$ 22,298	$ 12,742	$ 35,040

We recorded no provision for loan losses during the six months ended June 30, 2015. At June 30, 2015, we had real estate loans with outstanding balances of $21,000,000 on non-accrual status with an allowance for loan losses of $0.

7. Investments in Unconsolidated Entities

We participate in a number of joint ventures, which generally invest in seniors housing and health care real estate. The results of operations for these properties have been included in our consolidated results of operations from the date of acquisition by the joint ventures and are reflected in our Consolidated Statements of Comprehensive Income as income or loss from unconsolidated entities. The following is a summary of our investments in unconsolidated entities (dollars in thousands):

	Percentage Ownership(1)	June 30, 2015	December 31, 2014
Triple-net	10% to 49%	$ 26,243	$ 31,511
Seniors housing operating	10% to 50%	506,092	539,147
Outpatient medical	36% to 49%	37,286	173,493
Total		$ 569,621	$ 744,151

(1) Excludes ownership of in-substance real estate.

At June 30, 2015, the aggregate unamortized basis difference of our joint venture investments of $166,000,000 is primarily attributable to appreciation of the underlying properties and transaction costs. This difference will be amortized over the remaining useful life of the related properties and included in the reported amount of income from unconsolidated entities.

8. Credit Concentration

We use net operating income from continuing operations (“NOI”) as our credit concentration metric. See Note 17 for additional information and reconciliation. The following table summarizes certain information about our credit concentration for the six month period ending June 30, 2015, excluding our share of NOI in unconsolidated entities (dollars in thousands):

Concentration by relationship:(1)	Number of Properties	Total NOI	Percent of NOI(2)
Genesis Healthcare	180	$ 179,790	17%
Sunrise Senior Living(3)	144	148,317	14%
Brookdale Senior Living	146	83,547	8%
Revera(3)	71	47,995	4%
Benchmark Senior Living	50	47,406	4%
Remaining portfolio	759	569,476	53%
Totals	1,350	$ 1,076,531	100%

(1) Genesis Healthcare is in our triple-net segment. Sunrise Senior Living and Revera are in our seniors housing operating segment. Benchmark Senior Living and Brookdale Senior Living are in both our triple-net and seniors housing operating segments.
(2) NOI with our top five relationships comprised 49% of total NOI for the year ending December 31, 2014.
(3) Revera owns a controlling interest in Sunrise.

9. Borrowings Under Credit Facilities and Related Items

At June 30, 2015, we had a primary unsecured credit facility with a consortium of 28 banks that includes a $2,500,000,000 unsecured revolving credit facility, a $500,000,000 unsecured term credit facility and a $250,000,000 Canadian-denominated unsecured term credit facility. We have an option, through an accordion feature, to upsize the unsecured revolving credit facility and the $500,000,000 unsecured term credit facility by up to an additional $1,000,000,000 and the $250,000,000 Canadian-denominated unsecured term credit facility by up to an additional $250,000,000. The primary unsecured credit facility also allows us to borrow up to $500,000,000 in alternate currencies (none outstanding at June 30, 2015). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over LIBOR interest rate (1.112% at June 30, 2015). The applicable margin is based on certain of our debt ratings and was 0.925% at June 30, 2015. In addition, we pay a facility fee quarterly to each bank based on the bank's commitment amount. The facility fee depends on certain of our debt ratings and was 0.15% at June 30, 2015. The primary unsecured credit facility is scheduled to expire October 31, 2018 and can be extended for an additional year at our option.

The following information relates to aggregate borrowings under the unsecured revolving credit facility for the periods presented (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Balance outstanding at quarter end(1)	$ 350,000	$ -	$ 350,000	$ -
Maximum amount outstanding at any month end	$ 535,000	$ 637,000	$ 535,000	$ 637,000
Average amount outstanding (total of daily principal balances divided by days in period)	$ 501,758	$ 375,824	$ 455,608	$ 331,602
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	1.13%	1.37%	1.17%	1.36%

(1) As of June 30, 2015, letters of credit in the aggregate amount of $61,882,000 have been issued, which reduces the borrowing capacity on the unsecured revolving credit facility.

10. Senior Unsecured Notes and Secured Debt

We may repurchase, redeem or refinance convertible and non-convertible senior unsecured notes from time to time, taking advantage of favorable market conditions when available. We may purchase senior notes for cash through open market purchases, privately negotiated transactions, a tender offer or, in some cases, through the early redemption of such securities pursuant to their terms. The non-convertible senior unsecured notes are redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the sum of (1) the principal amount of the notes (or portion of such notes) being redeemed plus accrued and unpaid interest thereon up to the redemption date and (2) any "make-whole" amount due under the terms of the notes in connection with early redemptions. Redemptions and repurchases of debt, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. At June 30, 2015, the annual principal payments due on these debt obligations were as follows (in thousands):

	Senior Unsecured Notes[1,2]	Secured Debt [1,3]	Totals
2015[4]	$ 56,975	$ 227,775	$ 284,750
2016	400,000	486,908	886,908
2017	450,000	400,621	850,621
2018	450,000	557,849	1,007,849
2019[5,6]	1,300,417	373,126	1,673,543
Thereafter[7,8]	5,452,070	987,592	6,439,662
Totals	$ 8,109,462	$ 3,033,871	$ 11,143,333

(1) Amounts represent principal amounts due and do not include unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

(2) Annual interest rates range from 1.162% to 6.5%.

(3) Annual interest rates range from 1.0% to 7.98%. Carrying value of the properties securing the debt totaled $5,405,240,000 at June 30, 2015.
(4) Senior unsecured notes amount represents our 3.00% Convertible Senior Notes due 2029. On July 17, 2015, we announced that we will redeem all outstanding notes ($22,415,000, which amount does not include notes surrendered for conversion prior to July 17, 2015) on August 17, 2015.
(5) On July 25, 2014, we refinanced the funding on a $250,000,000 Canadian-denominated unsecured term credit facility (approximately $200,417,000 based on the Canadian/U.S. Dollar exchange rate on June 30, 2015). The loan matures on October 31, 2018 (with an option to extend for an additional year at our discretion) and bears interest at the Canadian Dealer Offered Rate plus 97.5 basis points (2.0% at June 30, 2015).
(6) On July 25, 2014, we refinanced the funding on a $500,000,000 unsecured term credit facility. The loan matures on October 31, 2018 (with an option to extend for one additional year at our discretion) and bears interest at LIBOR plus 97.5 basis points (1.16% at June 30, 2015).
(7) On November 20, 2013, we completed the sale of £550,000,000 (approximately $865,370,000 based on the Sterling/U.S. Dollar exchange rate in effect on June 30, 2015) of 4.8% senior unsecured notes due 2028.
(8) On November 25, 2014, we completed the sale of £500,000,000 (approximately $786,700,000 based on the Sterling/U.S. Dollar exchange rate in effect on June 30, 2015) of 4.5% senior unsecured notes due 2034.

The following is a summary of our senior unsecured notes principal activity during the periods presented (dollars in thousands):

	Six Months Ended			
	June 30, 2015		June 30, 2014	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 7,817,154	4.385%	$ 7,421,707	4.400%
Debt issued	750,000	4.000%	-	0.000%
Debt extinguished	(300,000)	6.200%	-	0.000%
Debt redeemed	(158,990)	3.000%	(1)	3.000%
Foreign currency	1,298	3.601%	28,401	4.865%
Ending balance	$ 8,109,462	4.252%	$ 7,450,107	4.402%

The following is a summary of our secured debt principal activity for the periods presented (dollars in thousands):

	Six Months Ended			
	June 30, 2015		June 30, 2014	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 2,941,765	4.94%	$ 3,010,711	5.10%
Debt issued	136,801	2.84%	10,690	3.54%
Debt assumed	317,897	3.22%	12,005	4.15%
Debt extinguished	(290,984)	4.21%	(188,722)	5.73%
Foreign currency	(38,642)	3.99%	(31,258)	4.98%
Principal payments	(32,966)	4.77%	(1,200)	3.94%
Ending balance	$ 3,033,871	4.75%	$ 2,812,226	5.04%

Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain certain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of June 30, 2015, we were in compliance with all of the covenants under our debt agreements.

11. Derivative Instruments

We are exposed to various market risks, including the potential loss arising from adverse changes in interest rates. We may elect to use financial derivative instruments to hedge interest rate exposure. These decisions are principally based on our policy to manage the general trend in interest rates at the applicable dates and our perception of the future volatility of interest rates. In addition, non-U.S. investments expose us to the potential losses associated with adverse changes in foreign currency to U.S. Dollar exchange rates. We may elect to manage this risk through the use of forward contracts and issuing debt in foreign currencies.

I nterest Rate Swap Contracts and Foreign Currency Forward Contracts Designated as Cash Flow Hedges

For instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income ("OCI"), and reclassified into earnings in the same period or periods, during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in earnings. Approximately $441,000 of gains, which are included in accumulated other comprehensive income ("AOCI"), are expected to be reclassified into earnings in the next 12 months.

Foreign Currency Hedges

For instruments that are designated and qualify as net investment hedges, the variability in the foreign currency to U.S. Dollar of the instrument is recorded as a cumulative translation adjustment component of OCI. During the six months ended June 30, 2015, we settled certain net investment hedges generating cash proceeds of $72,477,000. The balance of the cumulative translation adjustment will be reclassified to earnings when the hedged investment is sold or substantially liquidated.

The following presents the notional amount of derivatives and other financial instruments as of the dates indicated (in thousands):

		June 30, 2015		December 31, 2014
Derivatives designated as net investment hedges:				
Denominated in Canadian Dollars	$	1,175,000	$	900,000
Denominated in Pounds Sterling	£	550,000	£	350,000
Financial instruments designated as net investment hedges:				
Denominated in Canadian Dollars	$	250,000	$	250,000
Denominated in Pounds Sterling	£	1,050,000	£	1,050,000
Derivatives designated as cash flow hedges				
Denominated in U.S. Dollars	$	57,000	$	57,000
Denominated in Canadian Dollars	$	61,000	$	58,000
Denominated in Pounds Sterling	£	60,000	£	40,000
Derivative instruments not designated:[1]				
Denominated in Canadian Dollars	$	700,000	$	12,000

(1) These non-designated instruments represent off-setting forward exchange contracts to manage against adverse movements in exchange rates with regards to the purchase price on pending foreign acquisitions.

The following presents the impact of derivative instruments on the Consolidated Statements of Comprehensive Income for the periods presented (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
	Location	2015	2014	2015	2014
Gain (loss) on interest rate swap recognized in OCI (effective portion)	OCI	$ (1)	$ (4)	$ (1)	$ (7)
Gain (loss) on interest rate swaps reclassified from AOCI into income (effective portion)	Interest expense	(462)	(436)	(928)	(879)
Gain (loss) on forward exchange contracts recognized in income	Interest expense	1,191	-	3,938	-
Gain (loss) on forward exchange contracts recognized in income	Loss (gain) on derivatives, net	-	(351)	-	(351)
Loss (gain) on option exercise[1]	Loss (gain) on derivatives, net	-	-	(58,427)	-
Gain (loss) on foreign exchange contracts and term loans designated as net investment hedge recognized in OCI	OCI	(149,436)	(67,899)	34,615	(49,410)

(1) In April 2011, we completed the acquisition of substantially all of the real estate assets of privately-owned Genesis Healthcare Corporation. In conjunction with this transaction, we received the option to acquire an ownership interest in Genesis Healthcare. In February 2015, Genesis Healthcare closed on a transaction to merge with Skilled Healthcare Group to become a publicly traded company which required us to record the value of the derivative asset due to the net settlement feature.

12. Commitments and Contingencies

At June 30, 2015, we had eight outstanding letter of credit obligations totaling $75,553,000 and expiring between 2015 and 2018. At June 30, 2015, we had outstanding construction in progress of $159,352,000 and were committed to providing additional funds of approximately $402,894,000 to complete construction. Purchase obligations include contingent purchase obligations totaling $39,941,000. These contingent purchase obligations relate to unfunded capital improvement obligations and contingent obligations on acquisitions. Rents due from the tenant are increased to reflect the additional investment in the property.

We evaluate our leases for operating versus capital lease treatment in accordance with Accounting Standards Codification ("ASC") Topic 840 "Leases." A lease is classified as a capital lease if it provides for transfer of ownership of the leased asset at the end of the lease term, contains a bargain purchase option, has a lease term greater than 75% of the economic life of the leased asset, or if the net present value of the future minimum lease payments are in excess of 90% of the fair value of the leased asset. Certain leases contain bargain purchase options and have been classified as capital leases. At June 30, 2015, we had operating lease obligations of $944,824,000 relating to certain ground leases and company office space and capital lease obligations of $100,935,000 relating primarily to certain investment properties. Regarding ground leases, we have sublease agreements with certain of our operators that require the operators to reimburse us for our monthly operating lease obligations. At June 30, 2015, aggregate future minimum rentals to be received under these noncancelable subleases totaled $27,976,000.

13. Stockholders' Equity

The following is a summary of our stockholders' equity capital accounts as of the dates indicated:

	June 30, 2015	December 31, 2014
Preferred Stock:		
Authorized shares	50,000,000	50,000,000
Issued shares	25,875,000	25,875,000
Outstanding shares	25,875,000	25,875,000
Common Stock, $1.00 par value:		
Authorized shares	700,000,000	700,000,000
Issued shares	352,350,728	329,487,615
Outstanding shares	351,573,700	328,790,066

Preferred Stock. The following is a summary of our preferred stock activity during the periods indicated:

	Six Months Ended			
	June 30, 2015		June 30, 2014	
	Shares	Weighted Avg. Dividend Rate	Shares	Weighted Avg. Dividend Rate
Beginning balance	25,875,000	6.500%	26,108,236	6.496%
Shares converted	-	0.000%	(233,236)	6.000%
Ending balance	25,875,000	6.500%	25,875,000	6.500%

Common Stock. The following is a summary of our common stock issuances during the six months ended June 30, 2015 and 2014 (dollars in thousands, except per share amounts):

	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
June 2014 public issuance	16,100,000	$ 62.35	$ 1,003,835	$ 968,517
2014 Dividend reinvestment plan issuances	2,132,427	58.73	125,232	125,232
2014 Option exercises	175,699	46.78	8,220	8,220
2014 Stock incentive plans, net of forfeitures	124,723		-	-
2014 Senior note conversions	1		-	-
2014 Preferred stock conversions	233,236		-	-
2014 Totals	18,766,086		$ 1,137,287	$ 1,101,969
February 2015 public issuance	19,550,000	$ 75.50	$ 1,476,025	$ 1,423,935
2015 Dividend reinvestment plan issuances	1,766,585	72.83	128,653	128,653
2015 Option exercises	211,041	46.26	9,762	9,762
2015 Stock incentive plans, net of forfeitures	179,037		-	-
2015 Senior note conversions	1,076,971		-	-
2015 Totals	22,783,634		$ 1,614,440	$ 1,562,350

Dividends. The increase in dividends is primarily attributable to increases in our common shares outstanding as described above and an increase in common dividends per share. The following is a summary of our dividend payments (in thousands, except per share amounts):

	Six Months Ended			
	June 30, 2015		June 30, 2014	
	Per Share	Amount	Per Share	Amount
Common Stock	$ 1.6500	$ 561,914	$ 1.5900	$ 462,551
Series H Preferred Stock	-	-	0.0079	1
Series I Preferred Stock	1.6250	23,359	1.6250	23,360
Series J Preferred Stock	0.8126	9,344	0.8126	9,344
Totals		$ 594,617		$ 495,256

Accumulated Other Comprehensive Income. The following is a summary of accumulated other comprehensive income (loss) for the periods presented (in thousands):

	Unrecognized gains (losses) related to: Foreign Currency Translation	Available for Sale Securities	Actuarial Losses	Cash Flow Hedges	Total
Balance at December 31, 2014	$ (74,770)	$ -	$ (1,589)	$ (650)	$ (77,009)
Other comprehensive income before reclassification adjustments	12,136	(15,100)	-	(2,625)	(5,589)
Reclassification amount to net income	-	-	-	928 (1)	928
Net current-period other comprehensive income	12,136	(15,100)	-	(1,697)	(4,661)
Balance at June 30, 2015	$ (62,634)	$ (15,100)	$ (1,589)	$ (2,347)	$ (81,670)
Balance at December 31, 2013	$ (17,631)	$ (389)	$ (1,452)	$ (5,059)	$ (24,531)
Other comprehensive income before reclassification adjustments	4,628	389	-	(7)	5,010
Reclassification amount to net income	-	-	-	879 (1)	879
Net current-period other comprehensive income	4,628	389	-	872	5,889
Balance at June 30, 2014	$ (13,003)	$ -	$ (1,452)	$ (4,187)	$ (18,642)

(1) Please see note 11 for additional information.

14. Stock Incentive Plans

Our Amended and Restated 2005 Long-Term Incentive Plan ("2005 Plan") authorizes up to 6,200,000 shares of common stock to be issued at the discretion of the Compensation Committee of the Board of Directors. Our non-employee directors, officers and key employees are eligible to participate in the 2005 Plan. The 2005 Plan allows for the issuance of, among other things, stock options, restricted stock, deferred stock units and dividend equivalent rights. Vesting periods for options, deferred stock units and restricted shares generally range from three to five years. Options expire ten years from the date of grant. Stock-based compensation expense totaled $11,124,000 and $20,178,000 for the three and six months ended June 30, 2015, respectively, and $14,170,000 and $21,837,000 for the same periods in 2014.

15. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Numerator for basic and diluted earnings per share - net income (loss) attributable to common stockholders	$ 312,573	$ 71,829	$ 503,373	$ 121,851
Denominator for basic earnings per share - weighted average shares	350,399	296,256	343,624	293,046
Effect of dilutive securities:				
Employee stock options	153	191	176	170
Non-vested restricted shares	471	472	444	506
Convertible senior unsecured notes	343	1,076	379	868
Dilutive potential common shares	967	1,739	999	1,544
Denominator for diluted earnings per share - adjusted weighted average shares	351,366	297,995	344,623	294,590
Basic earnings per share	$ 0.89	$ 0.24	$ 1.46	$ 0.42
Diluted earnings per share	$ 0.89	$ 0.24	$ 1.46	$ 0.41

The Series I Cumulative Convertible Perpetual Preferred Stock was not included in the calculations as the effect of conversions into common stock was anti-dilutive.

16. Disclosure about Fair Value of Financial Instruments

U.S. GAAP provides authoritative guidance for measuring and disclosing fair value measurements of assets and liabilities. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Please see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 for additional information.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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 and Other Real Estate Loans Receivable — The fair value of mortgage loans and other real estate loans receivable is generally estimated by using Level 2 and Level 3 inputs such as discounting the estimated 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.

Cash and Cash Equivalents — The carrying amount approximates fair value.

Available-for-sale Equity Investments — Available-for-sale equity investments are recorded at their fair value based on Level 1 publicly available trading prices.

Borrowings Under Primary Unsecured Credit Facility — The carrying amount of the primary unsecured credit facility approximates fair value because the borrowings are interest rate adjustable.

Senior Unsecured Notes — The fair value of the fixed rate senior unsecured notes payable was estimated based on Level 1 publicly available trading prices. The carrying amount of variable rate senior unsecured notes payable approximates fair value because the borrowings are interest rate adjustable.

Secured Debt — The fair value of fixed rate secured debt is estimated using Level 2 inputs by discounting the estimated future cash flows using the current rates at which similar loans would be made with similar credit ratings and for the same remaining maturities. The carrying amount of variable rate secured debt approximates fair value because the borrowings are interest rate adjustable.

Foreign Currency Forward Contracts — Foreign currency forward contracts are recorded in other assets or other liabilities on the balance sheet at fair market value. Fair market value is determined using Level 2 inputs by estimating the future value of the currency pair based on existing exchange rates, comprised of current spot and traded forward points, and calculating a present value of the net amount using a discount factor based on observable traded interest rates.

Redeemable OP Unitholder Interests — The fair value of our redeemable unitholder interests are recorded on the balance sheet at fair value using Level 2 inputs. The fair value is measured using the closing price of our common stock, as units may be redeemed at the election of the holder for cash or, at our option, one share of our common stock per unit, subject to adjustment in certain circumstances.

The carrying amounts and estimated fair values of our financial instruments are as follows (in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	$ 564,056	$ 592,280	$ 188,651	$ 194,935
Other real estate loans receivable	196,487	196,793	191,518	195,375
Available-for-sale equity investments	43,326	43,326	-	-
Cash and cash equivalents	217,942	217,942	473,726	473,726
Foreign currency forward contracts	35,377	35,377	57,087	57,087
Financial liabilities:				
Borrowings under unsecured credit facilities	$ 350,000	$ 350,000	$ -	$ -
Senior unsecured notes	8,060,493	8,639,898	7,766,251	8,613,702
Secured debt	3,066,633	3,117,499	2,977,713	3,053,067
Foreign currency forward contracts	16,465	16,465	1,495	1,495
Redeemable OP unitholder interests	109,187	109,187	46,722	46,722

Items Measured at Fair Value on a Recurring Basis

The market approach is utilized to measure fair value for our financial assets and liabilities reported at fair value on a recurring basis. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The following summarizes items measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements as of June 30, 2015			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity investments(1)	$ 43,326	$ 43,326	$ -	$ -
Foreign currency forward contracts, net(2)	18,912	-	18,912	-
Redeemable OP unitholder interests	109,187	-	109,187	-
Totals	$ 171,425	43,326	$ 128,099	$ -

(1) Unrealized gains or losses on equity investments are recorded in accumulated other comprehensive income (loss) at each measurement date.

(2) Please see Note 11 for additional information.

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, we also have assets and liabilities in our balance sheet that are measured at fair value on a nonrecurring basis. As these assets and liabilities are not measured at fair value on a recurring basis, they are not included in the tables above. Assets, liabilities and noncontrolling interests that are measured at fair value on a nonrecurring basis include those acquired/assumed in business combinations (see Note 3) and asset impairments (if applicable, see Note 5 for impairments of real property and Note 6 for impairments of loans receivable). We have determined that the fair value measurements included in each of these assets and liabilities rely primarily on company-specific inputs and our assumptions about the use of the assets and settlement of liabilities, as observable inputs are not available. As such, we have determined that each of these fair value measurements generally reside within Level 3 of the fair value hierarchy. We estimate the fair value of real estate and related intangibles using the income approach and unobservable data such as net operating income and estimated capitalization and discount rates. We also consider local and national industry market data including comparable sales, and commonly engage an external real estate appraiser to assist us in our estimation of fair value. We estimate the fair value of assets held for sale based on current sales price expectations or, in the absence of such price expectations, Level 3 inputs described above. We estimate the fair value of secured debt assumed in business combinations using current interest rates at which similar borrowings could be obtained on the transaction date.

17. Segment Reporting

We invest in seniors housing and health care real estate. We evaluate our business and make resource allocations on our four operating segments: triple-net, seniors housing operating, outpatient medical and life science. During the quarter ended March 31, 2015, we changed the names of our seniors housing triple-net segment to triple-net and our medical facilities segment to outpatient medical.

Our triple-net properties include long-term/post-acute care facilities, hospitals, assisted living facilities, independent living/continuing care retirement communities, care homes (United Kingdom), independent support living facilities (Canada), care homes with nursing (United Kingdom) and combinations thereof. Under the triple-net segment, we invest in seniors housing and health care real estate through acquisition and financing of primarily single tenant properties. Properties acquired are primarily leased under triple-net leases and we are not involved in the management of the property. Our seniors housing operating properties include the seniors housing communities referenced above that are owned and/or operated through RIDEA structures (see Notes 3 and 18).

Our outpatient medical properties include medical office buildings and life science buildings which are aggregated into our outpatient medical reportable segment. Our medical office buildings are typically leased to multiple tenants and generally require a certain level of property management. During the three months ended June 30, 2015, we disposed of our life science investments.

We evaluate performance based upon NOI by segment. We define NOI as total revenues, including tenant reimbursements, less property level operating expenses. We believe NOI provides investors relevant and useful information because it measures the operating performance of our properties at the property level on an unleveraged basis. We use NOI to make decisions about resource allocations and to assess the property level performance of our properties.

Non-segment revenue consists mainly of interest income on non-real estate investments and other income. Non-segment assets consist of corporate assets including cash, deferred loan expenses and corporate offices and equipment among others. Non-property specific revenues and expenses are not allocated to individual segments in determining NOI.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014). The results of operations for all acquisitions described in Note 3 are included in our consolidated results of operations from the acquisition dates and are components of the appropriate segments. There are no intersegment sales or transfers.

Summary information for the reportable segments is as follows for the periods presented (in thousands):

Three Months Ended June 30, 2015:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 279,990	$ -	$ 116,636	$ -	$ 396,626
Resident fees and services	-	535,553	-	-	535,553
Interest income	18,189	1,042	1,345	-	20,576
Other income	970	3,210	195	39	4,414
Total revenues	299,149	539,805	118,176	39	957,169
Property operating expenses	-	360,569	37,785	-	398,354
Net operating income from continuing operations	299,149	179,236	80,391	39	558,815
Reconciling items:					
Interest expense	2,679	38,796	7,184	70,202	118,861
Depreciation and amortization	72,402	88,844	47,556	-	208,802
General and administrative	-	-	-	38,474	38,474
Transaction costs	7,579	3,937	975	-	12,491
Loss (gain) on extinguishment of debt, net	(102)	-	-	18,989	18,887
Other expenses	-	-	-	10,583 (1)	10,583
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	216,591	47,659	24,676	(138,209)	150,717
Income tax expense	(3,121)	(3,449)	(161)	(686)	(7,417)
(Loss) income from unconsolidated entities	1,453	(6,083)	1,678	-	(2,952)
Income (loss) from continuing operations	214,923	38,127	26,193	(138,895)	140,348
Gain (loss) on real estate dispositions, net	-	-	190,111	-	190,111
Net income (loss)	$ 214,923	$ 38,127	$ 216,304	$ (138,895)	$ 330,459
Total assets	$ 12,191,264	$ 10,432,990	$ 4,701,830	$ 81,398	$ 27,407,482

(1) Due to termination of our investment in a strategic medical office partnership and costs associated with the retirement of an executive officer.

Three Months Ended June 30, 2014:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 248,134	$ -	$ 99,713	$ -	$ 347,847
Resident fees and services	-	467,639	-	-	467,639
Interest income	7,980	11	942	-	8,933
Other income	325	1,264	362	76	2,027
Total revenues	256,439	468,914	101,017	76	826,446
Property operating expenses	447	310,029	33,278	-	343,754
Net operating income from continuing operations	255,992	158,885	67,739	76	482,692
Reconciling items:					
Interest expense	8,655	28,833	8,346	75,231	121,065
Loss (gain) on derivatives, net	73	278	-	-	351
Depreciation and amortization	67,372	109,644	37,433	-	214,449
General and administrative	-	-	-	51,660	51,660
Transaction costs	4,007	1,660	1,373	-	7,040
Loss (gain) on extinguishment of debt, net	-	531	-	-	531
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	175,885	17,939	20,587	(126,815)	87,596
Income tax expense	(438)	(801)	(330)	-	(1,569)
(Loss) income from unconsolidated entities	1,423	(15,496)	2,557	-	(11,516)
Income (loss) from continuing operations	176,870	1,642	22,814	(126,815)	74,511
Income (loss) from discontinued operations	6,675	-	-	-	6,675
Gain (loss) on real estate dispositions, net	5,762	-	906	-	6,668
Net income (loss)	$ 189,307	$ 1,642	$ 23,720	$ (126,815)	$ 87,854

Six Months Ended June 30, 2015:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 544,396	$ -	$ 231,817	$ -	$ 776,213
Resident fees and services	-	1,028,063	-	-	1,028,063
Interest income	32,888	2,073	2,609	-	37,570
Other income	4,853	4,229	356	62	9,500
Total revenues	582,137	1,034,365	234,782	62	1,851,346
Property operating expenses	-	699,076	75,739	-	774,815
Net operating income from continuing operations	582,137	335,289	159,043	62	1,076,531
Reconciling items:					
Interest expense	12,706	73,255	14,809	139,172	239,942
Loss (gain) on derivatives, net	(58,427)	-	-	-	(58,427)
Depreciation and amortization	142,434	165,479	89,718	-	397,631
General and administrative	-	-	-	73,612	73,612
Transaction costs	43,750	15,979	1,316	-	61,045
Loss (gain) on extinguishment of debt, net	10,235	-	-	24,053	34,288
Impairment of assets	2,220	-	-	-	2,220
Other expenses	-	-	-	10,583	10,583
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	429,219	80,576	53,200	(247,358)	315,637
Income tax expense	(2,703)	(3,982)	305	(733)	(7,113)
(Loss) income from unconsolidated entities	2,846	(21,156)	2,710	-	(15,600)
Income (loss) from continuing operations	429,362	55,438	56,215	(248,091)	292,924
Gain (loss) on real estate dispositions, net	54,097	-	192,859	-	246,956
Net income (loss)	$ 483,459	$ 55,438	$ 249,074	$ (248,091)	$ 539,880

Six Months Ended June 30, 2014:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 485,852	$ -	$ 198,451	$ -	$ 684,303
Resident fees and services	-	923,904	-	-	923,904
Interest income	15,700	11	1,816	-	17,527
Other income	468	1,318	643	91	2,520
Total revenues	502,020	925,233	200,910	91	1,628,254
Property operating expenses	690	618,213	66,282	-	685,185
Net operating income from continuing operations	501,330	307,020	134,628	91	943,069
Reconciling items:					
Interest expense	17,769	56,312	17,730	150,087	241,898
Loss (gain) on derivatives, net	73	278	-	-	351
Depreciation and amortization	134,640	238,806	74,320	-	447,766
General and administrative	-	-	-	84,524	84,524
Transaction costs	4,283	2,290	1,420	-	7,993
Loss (gain) on extinguishment of debt, net	-	383	-	-	383
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	344,565	8,951	41,158	(234,520)	160,154
Income tax expense	(793)	(2,444)	(593)	-	(3,830)
(Loss) income from unconsolidated entities	2,804	(23,457)	3,580	-	(17,073)
Income (loss) from continuing operations	346,576	(16,950)	44,145	(234,520)	139,251
Income (loss) from discontinued operations	7,135	-	-	-	7,135
Gain (loss) on real estate dispositions, net	5,762	-	906	-	6,668
Net income (loss)	$ 359,473	$ (16,950)	$ 45,051	$ (234,520)	$ 153,054

Our portfolio of properties and other investments are located in the United States, the United Kingdom and Canada. Revenues and assets are attributed to the country in which the property is physically located. The following is a summary of geographic information for our operations for the periods presented (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2015		June 30, 2014		June 30, 2015		June 30, 2014	
Revenues:	Amount	%	Amount	%	Amount	%	Amount	%
United States	$ 771,031	80.6%	$ 695,922	84.2%	$ 1,516,168	81.9%	$ 1,371,021	84.2%
International	186,138	19.4%	130,524	15.8%	335,178	18.1%	257,233	15.8%
Total	$ 957,169	100.0%	$ 826,446	100.0%	$ 1,851,346	100.0%	$ 1,628,254	100.0%

	As of			
	June 30, 2015		December 31, 2014	
Assets:	Amount	%	Amount	%
United States	$ 22,273,463	81.3%	$ 20,728,477	82.9%
International	5,134,019	18.7%	4,285,819	17.1%
Total	$ 27,407,482	100.0%	$ 25,014,296	100.0%

18. Income Taxes and Distributions

We elected to be taxed as a REIT commencing with our first taxable year. To qualify as a REIT for federal income tax purposes, at least 90% of taxable income (excluding 100% of net capital gains) must be distributed to stockholders. REITs that 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 main differences between undistributed net income for federal income tax purposes and financial statement purposes are the recognition of straight-line rent for reporting purposes, basis differences in acquisitions, recording of impairments, differing useful lives and depreciation and amortization methods for real property and the provision for loan losses for reporting purposes versus bad debt expense for tax purposes.

Under the provisions of the REIT Investment Diversification and Empowerment Act of 2007 ("RIDEA"), for taxable years beginning after July 30, 2008, a REIT may lease "qualified health care properties" on an arm's-length basis to a taxable REIT subsidiary ("TRS") if the property is operated on behalf of such TRS by a person who qualifies as an "eligible independent contractor." Generally, the rent received from the TRS will meet the related party rent exception and will be treated as "rents from real property." A "qualified health care property" includes real property and any personal property that is, or is necessary or incidental to the use of, a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility, or other licensed facility which extends medical or nursing or ancillary services to patients. We have entered into various joint ventures that were structured under RIDEA. Resident level rents and related operating expenses for these facilities are reported in the unaudited consolidated financial statements and are subject to federal and state income taxes as the operations of such facilities are included in TRS entities. Certain net operating loss carryforwards could be utilized to offset taxable income in future years.

Income tax expense reflected in the financial statements primarily represents U.S. federal and state and local income taxes as well as non-U.S. income based or withholding taxes on certain investments located in jurisdictions outside the U.S. In 2014, we established certain wholly-owned direct and indirect subsidiaries in Luxembourg and Jersey and transferred interests in certain foreign investments into this holding company structure. The structure includes a property holding company that is tax resident in the United Kingdom. No material adverse current tax consequences in Luxembourg, Jersey or the United Kingdom resulted from the creation of this holding company structure and all of the subsidiary entities in the structure are treated as disregarded entities of the company for U.S. federal income tax purposes. The company reflects current and deferred tax liabilities for any such withholding taxes incurred as a result of this holding company structure in its consolidated financial statements.

The income tax expense for the three and six month periods ended June 30, 2015 and 2014 is due primarily to operating income or losses at our TRS entities. Net deferred tax liabilities with respect to our TRS entities totaled $13,516,000 and $12,451,000 as of June 30, 2015 and December 31, 2014, respectively, and related primarily to differences between the financial reporting and tax bases of fixed and intangible assets.

Generally, given current statutes of limitations, we are subject to audit by the Internal Revenue Service ("IRS") for the year ended December 31, 2011 and subsequent years and by state taxing authorities for the year ended December 31, 2010 and subsequent years. The company and its subsidiaries are also subject to audit by the Canada Revenue Agency and provincial authorities generally for periods subsequent to our initial investments in Canada in May 2012, by HM Revenue & Customs for periods subsequent to our initial investments in the United Kingdom in August 2012 and by Luxembourg taxing authorities generally for periods subsequent to our establishment of certain Luxembourg-based subsidiaries during 2014.

The balance of our unrecognized tax benefits as of June 30, 2015 and December 31, 2014 was $857,000. The unrecognized tax benefits and related penalties, as currently accrued for, have an immaterial impact on the effective tax rate to the extent that they would be recognized.

EXECUTIVE SUMMARY

LIQUIDITY AND CAPITAL RESOURCES

RESULTS OF OPERATIONS

OTHER

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis is based primarily on the unaudited consolidated financial statements of Health Care REIT, Inc. for the periods presented and should be read together with the notes thereto contained in this Quarterly Report on Form 10-Q. Other important factors are identified in our Annual Report on Form 10-K for the year ended December 31, 2014, including factors identified under the headings "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." References herein to "we," "us," "our," or the "company" refer to Health Care REIT, Inc. and its subsidiaries unless specifically noted otherwise.

Executive Summary

Company Overview

Health Care REIT, Inc. is a real estate investment trust ("REIT") that has been at the forefront of seniors housing and health care real estate since the company was founded in 1970. We are an S&P 500 company headquartered in Toledo, Ohio. Our portfolio spans the full spectrum of seniors housing and health care real estate, including seniors housing communities, long-term/post-acute care facilities, outpatient medical buildings, and inpatient and outpatient medical centers. Our capital programs, when combined with comprehensive planning, development and property management services, make us a single-source solution for acquiring, planning, developing, managing, repositioning and monetizing real estate assets.

The following table summarizes our consolidated portfolio for the three months ended June 30, 2015 (dollars in thousands):

Type of Property		NOI(1)	Percentage of NOI	Number of Properties
Triple-net	$	299,149	53.5%	750
Seniors housing operating		179,236	32.1%	348
Outpatient medical		80,391	14.4%	252
Totals	$	558,776	100.0%	1,350

(1) Excludes our share of investments in unconsolidated entities. Entities in which we have a joint venture with a minority partner are shown at 100% of the joint venture amount.

Business Strategy

Our primary objectives are to protect stockholder capital and enhance stockholder value. We seek to pay consistent cash dividends to stockholders and create opportunities to increase dividend payments to stockholders as a result of annual increases in net operating income and portfolio growth. To meet these objectives, we invest across the full spectrum of seniors housing and health care real estate and diversify our investment portfolio by property type, relationship and geographic location.

Substantially all of our revenues are derived from operating lease rentals, resident fees and services, and interest earned on outstanding loans receivable. These items represent our primary sources of liquidity to fund distributions and depend upon the continued ability of our obligors to make contractual rent and interest payments to us and the profitability of our operating properties. To the extent that our customers/partners experience operating difficulties and become unable to generate sufficient cash to make payments to us, there could be a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. To mitigate this risk, we monitor our investments through a variety of methods determined by the type of property. Our proactive and comprehensive asset management process for seniors housing properties generally includes review of monthly financial statements and other operating data for each property, review of obligor/partner creditworthiness, property inspections, and review of covenant compliance relating to licensure, real estate taxes, letters of credit and other collateral. Our internal property management division actively manages and monitors the outpatient medical portfolio with a comprehensive process including tenant relations, lease expirations, the mix of health service providers, hospital/health system relationships, property performance, capital improvement needs, and market conditions among other things. In monitoring our portfolio, our personnel use a proprietary database to collect and analyze property-specific data. Additionally, we conduct extensive research to ascertain industry trends. We evaluate the operating environment in each property's market to determine the likely trend in operating performance of the facility. When we identify unacceptable trends, we seek to mitigate, eliminate or transfer the risk. Through these efforts, we are generally able to intervene at an early stage to address any negative trends, and in so doing, support both the collectability of revenue and the value of our investment.

In addition to our asset management and research efforts, we also structure our investments to help mitigate payment risk. Operating leases and loans are normally credit enhanced by guaranties and/or letters of credit. In addition, operating leases are typically structured as master leases and loans are generally cross-defaulted and cross-collateralized with other real estate loans, operating leases or agreements between us and the obligor and its affiliates.

For the six months ended June 30, 2015, rental income and resident fees and services represented 42% and 56%, respectively, of total revenues. Substantially all of our operating leases are designed with escalating rent structures. Leases with fixed annual rental escalators are generally recognized on a straight-line basis over the initial lease period, subject to a collectability assessment. Rental income related to leases with contingent rental escalators is generally recorded based on the contractual cash rental payments due for the period. Our yield on loans receivable depends upon a number of factors, including the stated interest rate, the average principal amount outstanding during the term of the loan and any interest rate adjustments.

Our primary sources of cash include rent and interest receipts, resident fees and services, borrowings under our primary unsecured credit facility, public issuances of debt and equity securities, proceeds from investment dispositions and principal payments on loans receivable. Our primary uses of cash include dividend distributions, debt service payments (including principal and interest), real property investments (including acquisitions, capital expenditures, construction advances and transaction costs), loan advances, property operating expenses and general and administrative expenses. Depending upon the availability and cost of external capital, we believe our liquidity is sufficient to fund these uses of cash.

We also continuously evaluate opportunities to finance future investments. New investments are generally funded from temporary borrowings under our primary unsecured credit facility, internally generated cash and the proceeds from investment dispositions. Our investments generate cash from net operating income and principal payments on loans receivable. Permanent financing for future investments, which replaces funds drawn under our primary unsecured credit facility, has historically been provided through a combination of the issuance of public debt and equity securities and the incurrence or assumption of secured debt.

Depending upon market conditions, we believe that new investments will be available in the future with spreads over our cost of capital that will generate appropriate returns to our stockholders. It is also possible that investment dispositions may occur in the future. To the extent that investment dispositions exceed new investments, our revenues and cash flows from operations could be adversely affected. We expect to reinvest the proceeds from any investment dispositions in new investments. To the extent that new investment requirements exceed our available cash on-hand, we expect to borrow under our primary unsecured credit facility. At June 30, 2015, we had $217,942,000 of cash and cash equivalents, $72,706,000 of restricted cash and $2,088,118,000 of available borrowing capacity under our primary unsecured credit facility.

Capital Market Outlook

We believe the capital markets remain supportive of our investment strategy. In July 2014, we closed on a new primary unsecured credit facility that further enhances our access to efficient capital and financial flexibility. For the 18 months ended June 30, 2015, we raised $5,534,814,000 in aggregate gross proceeds through the issuance of common stock and unsecured debt. The capital raised, in combination with available cash and borrowing capacity under our primary unsecured credit facility, supported pro rata gross new investments of $3,579,831,000 during 2014 and $2,856,485,000 during the six months ended June 30, 2015. We expect attractive investment opportunities to remain available in the future as we continue to leverage the benefits of our relationship investment strategy.

Key Transactions in 2015

Capital. In February 2015, we completed the public issuance of 19,550,000 shares of common stock at a price of $75.50 per share for approximate gross proceeds of $1,476,025,000. This was the largest overnight common stock offering and the highest offering price in our history. In May 2015, we issued $750,000,000 of 4.0% senior unsecured notes due 2025, generating approximately $743,407,000 of net proceeds. This was the largest single tranche U.S. debt offering in our history. Also, during the six months ended June 30, 2015, we raised $128,653,000 through our dividend reinvestment program.

Investments. The following summarizes our acquisitions and joint venture investments completed during the six months ended June 30, 2015 (dollars in thousands):

	Properties		Investment Amount[1]	Capitalization Rates[2]		Book Amount[3]
Triple-net	34	$	847,981	6.9%	$	839,685
Seniors housing operating	42		1,188,904	6.1%		1,368,918
Outpatient medical	9		134,999	5.9%		446,239
Totals	85	$	2,171,884	6.4%	$	2,654,842

(1) Represents stated pro rata purchase price including cash and any assumed debt but excludes fair value adjustments pursuant to U.S. GAAP.

(2) Represents annualized contractual or projected income to be received in cash divided by investment amounts.

(3) Represents amounts recorded on our books including fair value adjustments pursuant to U.S. GAAP. See Notes 3 and 7 to our unaudited consolidated financial statements for additional information.

Dispositions. The following summarizes our property dispositions completed during the six months ended June 30, 2015 (dollars in thousands):

	Properties		Proceeds[1]	Capitalization Rates[2]		Book Amount[3]
Triple-net	11	$	165,095	8.4%	$	110,998
Outpatient medical	8		584,049	5.1%		165,221
Totals	19	$	749,144	5.8%	$	276,219

(1) Represents pro rata proceeds received upon disposition including any seller financing.

(2) Represents annualized contractual income that was being received in cash at date of disposition divided by disposition proceeds.

(3) Represents carrying value of assets at time of disposition. See Note 5 to our unaudited consolidated financial statements for additional information.

Dividends. Our Board of Directors increased the annual cash dividend to $3.30 per common share ($0.825 per share quarterly), as compared to $3.18 per common share for 2014, beginning in February 2015. The dividend declared for the quarter ended June 30, 2015 represents the 177th consecutive quarterly dividend payment.

Key Performance Indicators, Trends and Uncertainties

We utilize several key performance indicators to evaluate the various aspects of our business. These indicators are discussed below and relate to operating performance, concentration risk and credit strength. Management uses these key performance indicators to facilitate internal and external comparisons to our historical operating results, in making operating decisions and for budget planning purposes.

Operating Performance. We believe that net income attributable to common stockholders ("NICS") is the most appropriate earnings measure. Other useful supplemental measures of our operating performance include funds from operations ("FFO"), net operating income from continuing operations ("NOI") and same store cash NOI ("SSCNOI"); however, these supplemental measures are not defined by U.S. generally accepted accounting principles ("U.S. GAAP"). Please refer to the section entitled "Non-GAAP Financial Measures" for further discussion and reconciliations of FFO, NOI and SSCNOI. These earnings measures and their relative per share amounts are widely used by investors and analysts in the valuation, comparison and investment recommendations of companies. The following table reflects the recent historical trends of our operating performance measures for the periods presented (in thousands, except per share amounts):

	Three Months Ended					
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573
Funds from operations	288,803	284,245	316,512	284,516	344,250	340,588
Net operating income from continuing operations	460,376	482,692	492,366	504,754	517,716	558,815
Same store cash net operating income	407,131	420,125	428,268	425,669	419,110	427,310
Per share data (fully diluted):						
Net income (loss) attributable to common stockholders	$ 0.17	$ 0.24	$ 0.44	$ 0.57	$ 0.56	$ 0.89
Funds from operations	0.99	0.95	1.01	0.86	1.02	0.97

Concentration Risk. We evaluate our concentration risk in terms of NOI by property mix, relationship mix and geographic mix. Concentration risk is a valuable measure in understanding what portion of our NOI could be at risk if certain sectors were to experience downturns. Property mix measures the portion of our NOI that relates to our various property types. Relationship mix measures the portion of our NOI that relates to our top five relationships. Geographic mix measures the portion of our NOI that relates to our top five states (or international equivalents). The following table reflects our recent historical trends of concentration risk by NOI for the three month periods indicated below:

	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Property mix:(1)						
Triple-net	53%	53%	53%	53%	55%	54%
Seniors housing operating	32%	33%	33%	32%	30%	32%
Outpatient medical	15%	14%	14%	15%	15%	14%
Relationship mix:(1)						
Genesis Healthcare	15%	16%	16%	16%	17%	17%
Sunrise Senior Living(2)	15%	15%	16%	15%	14%	14%
Brookdale Senior Living	9%	9%	8%	8%	8%	7%
Revera(2)	4%	4%	5%	4%	4%	5%
Benchmark Senior Living	4%	4%	4%	4%	4%	5%
Remaining relationships	53%	52%	51%	53%	53%	52%
Geographic mix:(1)						
United Kingdom	7%	6%	7%	7%	8%	10%
California	10%	10%	10%	10%	10%	9%
New Jersey	8%	8%	9%	8%	8%	8%
Texas	7%	7%	7%	7%	7%	7%
Pennsylvania	5%	5%	5%	5%	6%	6%
Remaining geographic areas	63%	64%	62%	63%	61%	60%

(1) Excludes our share of investments in unconsolidated entities. Entities in which the company has a joint venture with a minority partner are shown at 100% of the joint venture amount.

(2) Revera owns a controlling interest in Sunrise.

Credit Strength. We measure our credit strength both in terms of leverage ratios and coverage ratios. The leverage ratios indicate how much of our balance sheet capitalization is related to long-term debt. The coverage ratios indicate our ability to service interest and fixed charges (interest, secured debt principal amortization and preferred dividends). We expect to maintain capitalization ratios and coverage ratios sufficient to maintain compliance with our debt covenants. The coverage ratios are based on earnings before interest, taxes, depreciation and amortization ("EBITDA") which is discussed in further detail, and reconciled to net income, below in

"Non-GAAP Financial Measures." Leverage ratios and coverage ratios are widely used by investors, analysts and rating agencies in the valuation, comparison, investment recommendations and rating of companies. The following table reflects the recent historical trends for our credit strength measures for the periods presented:

	Three Months Ended					
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Debt to book capitalization ratio	48%	45%	43%	45%	42%	43%
Debt to undepreciated book capitalization ratio	43%	40%	38%	40%	38%	39%
Debt to market capitalization ratio	37%	33%	32%	29%	28%	32%
Interest coverage ratio	3.45x	3.51x	3.86x	4.29x	4.21x	5.32x
Fixed charge coverage ratio	2.74x	2.77x	3.07x	3.39x	3.34x	4.19x

Lease Expirations. The following table sets forth information regarding lease expirations for certain portions of our portfolio as of June 30, 2015 (dollars in thousands):

	Expiration Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Thereafter
Triple-net:											
Properties	13	-	33	51	3	12	26	41	14	21	505
Base rent(1)	$ 26,584	$ -	$ 14,907	$ 37,421	$ 2,973	$ 14,900	$ 38,640	$ 36,750	$ 19,628	$ 45,784	$ 915,686
% of base rent	2.3%	0.0%	1.3%	3.2%	0.3%	1.3%	3.4%	3.2%	1.7%	4.0%	79.4%
Units/beds	1,052	-	1,467	3,151	235	1,076	3,805	5,144	1,464	2,254	54,491
% of Units/beds	1.4%	0.0%	2.0%	4.3%	0.3%	1.5%	5.1%	6.9%	2.0%	3.0%	73.5%
Outpatient medical:											
Square feet	953,336	872,751	1,099,414	943,532	1,081,494	1,138,968	1,151,873	2,138,411	1,174,370	1,349,719	3,322,534
Base rent(1)	$ 24,141	$ 19,531	$ 25,911	$ 25,692	$ 28,907	$ 26,484	$ 27,692	$ 43,886	$ 23,313	$ 36,916	$ 78,327
% of base rent	6.7%	5.4%	7.2%	7.1%	8.0%	7.3%	7.7%	12.2%	6.5%	10.2%	21.8%
Leases	261	233	258	256	234	172	137	173	88	103	149
% of Leases	12.6%	11.3%	12.5%	12.4%	11.3%	8.3%	6.6%	8.4%	4.3%	5.0%	7.2%

(1) The most recent monthly base rent including straight line for leases with fixed escalators or annual cash rents for leases with contingent escalators. Base rent does not include tenant recoveries or amortization of above and below market lease intangibles.

We evaluate our key performance indicators in conjunction with current expectations to determine if historical trends are indicative of future results. Our expected results may not be achieved and actual results may differ materially from our expectations. Factors that may cause actual results to differ from expected results are described in more detail in "Cautionary Statement Regarding Forward-Looking Statements" and other sections of this Quarterly Report on Form 10-Q. Management regularly monitors economic and other factors to develop strategic and tactical plans designed to improve performance and maximize our competitive position. Our ability to achieve our financial objectives is dependent upon our ability to effectively execute these plans and to appropriately respond to emerging economic and company-specific trends. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2014, under the headings "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of these risk factors.

Corporate Governance

Maintaining investor confidence and trust is important in today's business environment. Our Board of Directors and management are strongly committed to policies and procedures that reflect the highest level of ethical business practices. Our corporate governance guidelines provide the framework for our business operations and emphasize our commitment to increase stockholder value while meeting all applicable legal requirements. These guidelines meet the listing standards adopted by the New York Stock Exchange and are available on the Internet at www.hcreit.com/investor-relations/governance. The information on our website is not incorporated by reference in this Quarterly Report on Form 10-Q, and our web address is included as an inactive textual reference only.

Liquidity and Capital Resources

Sources and Uses of Cash

Our primary sources of cash include rent and interest receipts, resident fees and services, borrowings under our primary unsecured credit facility, public issuances of debt and equity securities, proceeds from investment dispositions and principal payments on loans receivable. Our primary uses of cash include dividend distributions, debt service payments (including principal and interest), real property investments (including acquisitions, capital expenditures, construction advances and transaction costs), loan advances, property operating expenses, and general and administrative expenses. These sources and uses of cash are reflected in our Consolidated Statements of Cash Flows and are discussed in further detail below. The following is a summary of our sources and uses of cash flows (dollars in thousands):

	Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%
Cash and cash equivalents at beginning of period	$ 473,726	$ 158,780	$ 314,946	198%
Cash provided from (used in):				
Operating activities	619,346	595,534	23,812	4%
Investing activities	(2,222,442)	(798,422)	(1,424,020)	178%
Financing activities	1,344,717	252,521	1,092,196	433%
Effect of foreign currency translation on cash and cash equivalents	2,595	(1,059)	3,654	n/a
Cash and cash equivalents at end of period	$ 217,942	$ 207,354	$ 10,588	5%

Operating Activities. The change in net cash provided from operating activities is primarily attributable to increases in NOI, which is primarily due to acquisitions. Please see "Results of Operations" for further discussion. For the six months ended June 30, 2015 and 2014, cash flow provided from operations exceeded cash distributions to stockholders.

Investing Activities. The changes in net cash used in investing activities are primarily attributable to net changes in real property investments, real estate loans receivable and investments in unconsolidated entities, which are summarized above in "Key Transactions in 2015" and Notes 3, 6 and 7 of our unaudited consolidated financial statements. The following is a summary of cash used in non-acquisition capital improvement activities (dollars in thousands):

	Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%
New development	$ 114,478	$ 95,201	$ 19,277	20%
Recurring capital expenditures, tenant improvements and lease commissions	25,599	26,188	(589)	-2%
Renovations, redevelopments and other capital improvements	41,487	28,500	12,987	46%
Total	$ 181,564	$ 149,889	$ 31,675	21%

The change in new development is primarily due to the number and size of construction projects on-going during the relevant periods. Renovations, redevelopments and other capital improvements include expenditures to maximize property value, increase net operating income, maintain a market-competitive position and/or achieve property stabilization. Generally, these expenditures have increased as a result of acquisitions, primarily in our seniors housing operating segment.

Financing Activities. The changes in net cash provided from financing activities are primarily attributable to changes related to our long-term debt arrangements, the issuance/conversion of common and preferred stock and dividend payments. Please refer to Notes 9, 10 and 13 of our unaudited consolidated financial statements for additional information.

Off-Balance Sheet Arrangements

At June 30, 2015, we had investments in unconsolidated entities with our ownership ranging from 10% to 50%. Please see Note 7 to our unaudited consolidated financial statements for additional information. We use financial derivative instruments to hedge interest rate and foreign currency exchange rate exposure. Please see Note 11 to our unaudited consolidated financial statements for additional information. At June 30, 2015, we had eight outstanding letter of credit obligations. Please see Note 12 to our unaudited consolidated financial statements for additional information.

Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of June 30, 2015 (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	2015	2016-2017	2018-2019	Thereafter
Unsecured revolving credit facility[1]	$ 350,000	$ -	$ -	$ 350,000	$ -
Senior unsecured notes and credit facilities:[2]					
U.S. Dollar senior unsecured notes	5,756,975	56,975	850,000	1,050,000	3,800,000
Pounds Sterling senior unsecured notes[3]	1,652,070	-	-	-	1,652,070
U.S. Dollar term credit facility	500,000	-	-	500,000	-
Canadian Dollar term credit facility[3]	200,417	-	-	200,417	-
Secured debt:[2,3]					
Consolidated	3,033,871	227,775	887,529	930,975	987,592
Unconsolidated	513,055	21,039	60,948	21,984	409,084
Contractual interest obligations:[4]					
Unsecured revolving credit facility	14,521	1,978	7,910	4,633	-
Senior unsecured notes and term loans[3]	3,721,579	212,504	678,912	611,913	2,218,250
Consolidated secured debt[3]	649,900	70,916	226,334	127,932	224,718
Unconsolidated secured debt[3]	149,925	9,554	34,447	30,847	75,077
Capital lease obligations[5]	100,935	2,366	9,464	9,012	80,093
Operating lease obligations[5]	944,824	7,508	30,227	30,362	876,727
Purchase obligations[5]	442,835	31,778	402,172	6,656	2,229
Other long-term liabilities[6]	6,391	738	2,950	2,703	-
Total contractual obligations	$ 18,037,298	$ 643,131	$ 3,190,893	$ 3,877,434	$ 10,325,840

(1) Relates to unsecured revolving credit facility with an aggregate commitment of $2,500,000,000. See Note 9 to our unaudited consolidated financial statements for additional information.

(2) Amounts represent principal amounts due and do not reflect unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

(3) Based on foreign currency exchange rates in effect as of balance sheet date.

(4) Based on variable interest rates in effect as of balance sheet date.

(5) See Note 12 to our unaudited consolidated financial statements for additional information.

(6) Primarily relates to payments to be made under our Supplemental Executive Retirement Plan.

Capital Structure

Please refer to "Credit Strength" above for a discussion of our leverage and coverage ratio trends. Our debt agreements contain various covenants, restrictions and events of default. Certain agreements require us to maintain certain financial ratios and minimum net worth and impose certain limits on our ability to incur indebtedness, create liens and make investments or acquisitions. As of June 30, 2015, we were in compliance with all of the covenants under our debt agreements. Please refer to the section entitled "Non-GAAP Financial Measures" for further discussion. None of our debt agreements contain provisions for acceleration which could be triggered by our debt ratings. However, under our primary unsecured credit facility, the ratings on our senior unsecured notes are used to determine the fees and interest charged. A summary of certain covenants and our results as of June 30, 2015 is as follows:

	Per Agreement		
Covenant	Primary Unsecured Credit Facility	Senior Unsecured Notes	Actual at June 30, 2015
Total Indebtedness to Book Capitalization Ratio maximum	60%	n/a	44%
Secured Indebtedness to Total Assets Ratio maximum	30%	40%	11%
Total Indebtedness to Total Assets maximum	n/a	60%	42%
Unsecured Debt to Unencumbered Assets maximum	60%	n/a	37%
Adjusted Interest Coverage Ratio minimum	n/a	1.50x	4.58x
Adjusted Fixed Charge Coverage minimum	1.50x	n/a	3.62x

We plan to manage the company to maintain compliance with our debt covenants and with a capital structure consistent with our current profile. Any downgrades in terms of ratings or outlook by any or all of the rating agencies could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition.

On May 1, 2015, we filed with the Securities and Exchange Commission (the "SEC") (1) an open-ended automatic or "universal" shelf registration statement covering an indeterminate amount of future offerings of debt securities, common stock, preferred stock, depositary shares, warrants and units and (2) a registration statement in connection with our enhanced dividend reinvestment plan under which we may issue up to 15,000,000 shares of common stock. As of July 28, 2015, 13,962,480 shares of common stock remained available for issuance under this registration statement. We have entered into separate Equity Distribution Agreements with each of UBS Securities LLC, KeyBanc Capital Markets Inc. and Credit Agricole Securities (USA) Inc. relating to the offer and sale from time to time of up to $630,015,000 aggregate amount of our common stock ("Equity Shelf Program"). As of July 28, 2015, we had $457,112,000 of remaining capacity under the Equity Shelf Program. Depending upon market conditions, we anticipate issuing securities under our registration statements to invest in additional properties and to repay borrowings under our primary unsecured credit facility.

Results of Operations

Summary

Our primary sources of revenue include rent and resident fees and services. Our primary expenses include interest expense, depreciation and amortization, property operating expenses, transaction costs and general and administrative expenses. We evaluate our business and make resource allocations on our three business segments: triple-net, seniors housing operating and outpatient medical. The primary performance measures for our properties are NOI and SSCNOI, which are discussed below. Please see Note 17 to our unaudited consolidated financial statements for additional information. The following is a summary of our results of operations (dollars in thousands, except per share amounts):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	Amount	%	June 30, 2015	June 30, 2014	Amount	%
Net income (loss) attributable to common stockholders	$ 312,573	$ 71,829	$ 240,744	335%	$ 503,373	$ 121,851	$ 381,522	313%
Funds from operations	340,588	284,245	56,343	20%	684,839	573,049	111,790	20%
EBITDA	665,539	424,971	240,568	57%	1,184,566	846,705	337,861	40%
Net operating income from continuing operations (NOI)	558,815	482,692	76,123	16%	1,076,531	943,069	133,462	14%
Same store cash NOI	427,310	420,125	7,185	2%	842,250	827,257	14,993	2%
Per share data (fully diluted):								
Net income (loss) attributable to common stockholders	$ 0.89	$ 0.24	$ 0.65	271%	$ 1.46	$ 0.41	$ 1.05	256%
Funds from operations	$ 0.97	$ 0.95	$ 0.02	2%	$ 1.99	$ 1.95	$ 0.04	2%
Interest coverage ratio	5.32x	3.51x	1.81x	52%	4.77x	3.48x	1.29x	37%
Fixed charge coverage ratio	4.19x	2.77x	1.42x	51%	3.77x	2.76x	1.01x	37%

Triple-net

The following is a summary of our NOI for the triple-net segment (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
SSCNOI(1)	$ 208,359	201,719	$ 6,640	3%	$ 413,914	400,058	$ 13,856	3%
Non-cash NOI attributable to same store properties(1)	22,849	19,372	3,477	18%	45,107	32,400	12,707	39%
NOI attributable to non same store properties(2)	67,941	34,901	33,040	95%	123,116	68,872	54,244	79%
NOI	$ 299,149	$ 255,992	$ 43,157	17%	$ 582,137	$ 501,330	$ 80,807	16%

(1) Change is due to increases in cash and non-cash NOI (described below) related to 585 same store properties.

(2) Change is primarily due to the acquisition of 138 properties and the conversion of 9 construction projects into revenue-generating properties subsequent to January 1, 2014.

The following is a summary of our results of operations for the triple-net segment (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
Revenues:								
Rental income	$ 279,990	$ 248,134	$ 31,856	13%	$ 544,396	$ 485,852	$ 58,544	12%
Interest income	18,189	7,980	10,209	128%	32,888	15,700	17,188	109%
Other income	970	325	645	198%	4,853	468	4,385	937%
	299,149	256,439	42,710	17%	582,137	502,020	80,117	16%
Property operating expenses	-	447	(447)	-100%	-	690	(690)	-100%
Net operating income from continuing operations (NOI)	299,149	255,992	43,157	17%	582,137	501,330	80,807	16%
Other expenses:								
Interest expense	2,679	8,655	(5,976)	-69%	12,706	17,769	(5,063)	-28%
Loss (gain) on derivatives, net	-	73	(73)	-100%	(58,427)	73	(58,500)	n/a
Depreciation and amortization	72,402	67,372	5,030	7%	142,434	134,640	7,794	6%
Transaction costs	7,579	4,007	3,572	89%	43,750	4,283	39,467	921%
Loss (gain) on extinguishment of debt, net	(102)	-	(102)	n/a	10,235	-	10,235	n/a
Impairment of assets	-	-	0	n/a	2,220	-	2,220	n/a
	82,558	80,107	2,451	3%	152,918	156,765	(3,847)	-2%
Income from continuing operations before income taxes and income (loss) from unconsolidated entities	216,591	175,885	40,706	23%	429,219	344,565	84,654	25%
Income tax benefit (expense)	(3,121)	(438)	(2,683)	613%	(2,703)	(793)	(1,910)	241%
Income (loss) from unconsolidated entities	1,453	1,423	30	2%	2,846	2,804	42	1%
Income from continuing operations	214,923	176,870	38,053	22%	429,362	346,576	82,786	24%
Discontinued operations, net(1)	-	6,675	(6,675)	-100%	-	7,135	(7,135)	-100%
Gain (loss) on real estate dispositions, net(1)	-	5,762	(5,762)	-100%	54,097	5,762	48,335	839%
Net income	214,923	189,307	25,616	14%	483,459	359,473	123,986	34%
Less: Net income (loss) attributable to noncontrolling interests	548	482	66	14%	1,001	992	9	1%
Net income attributable to common stockholders	$ 214,375	$ 188,825	$ 25,550	14%	$ 482,458	$ 358,481	$ 123,977	35%

(1) See Note 5 to our unaudited consolidated financial statements.

The increase in rental income is primarily attributable to the acquisitions of new properties, the conversion of newly constructed triple-net properties from which we receive rent and the modification of our lease with Genesis Healthcare to replace the CPI-based component of an annual increaser with a fixed annual increaser effective April 1, 2014 and extend the term. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index and/or changes in the gross operating revenues of the tenant's properties. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If gross operating revenues at our facilities and/or the Consumer Price Index do not increase, a portion of our revenues may not continue to increase. Sales of real property would offset revenue increases and, to the extent that they exceed new acquisitions, could result in decreased revenues. Our leases could renew above or below current rent rates, resulting in an increase or decrease in rental income. For the three months ended June 30, 2015, we had no lease renewals but we had 13 leases with rental rate increasers ranging from 0.11% to 0.31% in our triple-net portfolio.

The change in interest income is due to a higher loan volume in the current year, which includes a first mortgage loan to Genesis Healthcare to facilitate their merger with Skilled Healthcare Group. The increase in other income year-to-date over the prior year includes the receipt of an early prepayment fee related to a real estate loan receivable.

During the six months ended June 30, 2015, we completed three triple-net construction projects representing $72,775,000 or $298,260 per bed/unit plus expansion projects totaling $38,808,000. The following is a summary of triple-net construction projects pending as of June 30, 2015 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Derby, UK	74	11,616	10,213	3Q15
Frederick, MD	130	19,000	16,990	4Q15
Edmond, OK	142	24,500	5,186	2Q16
Carrollton, TX	104	18,900	3,904	3Q16
Bracknell, UK	64	15,828	6,812	3Q16
Tulsa, OK	145	25,800	2,684	4Q16
Piscataway, NJ	124	30,600	16,228	4Q16
Livingston, NJ	120	51,440	13,872	1Q17
Raleigh, NC	225	93,000	25,469	1Q17
Total	1,128	$ 290,684	$ 101,358	

Interest expense for the six months ended June 30, 2015 and 2014 represents secured debt interest expense offset by interest allocated to discontinued operations. The change in secured debt interest expense is due to the net effect and timing of assumptions, segment transitions, extinguishments and principal amortizations. The following is a summary of our triple-net property secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2015		June 30, 2014		June 30, 2015		June 30, 2014	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 568,108	5.562%	$ 584,363	5.391%	$ 670,769	5.337%	$ 587,136	5.394%
Debt extinguished	(21,398)	5.739%	-	0.000%	(112,207)	4.404%	-	0.000%
Foreign Currency	1,478	5.316%	-	0.000%	(6,856)	5.316%	-	0.000%
Principal payments	(2,982)	5.559%	(2,623)	5.843%	(6,500)	5.593%	(5,396)	5.871%
Ending balance	$ 545,207	5.408%	$ 581,740	5.389%	$ 545,207	5.408%	$ 581,740	5.389%
Monthly averages	$ 550,659	5.411%	$ 582,625	5.391%	$ 564,669	5.453%	$ 583,990	5.391%

In April 2011, we completed the acquisition of substantially all of the real estate assets of privately-owned Genesis Healthcare Corporation. In conjunction with this transaction, we received the option to acquire an ownership interest in Genesis Healthcare. In February 2015, Genesis Healthcare closed on a transaction to merge with Skilled Healthcare Group to become a publicly traded company which required us to record the value of the derivative asset due to the net settlement feature. We elected to exercise our option during the three months ended March 31, 2015 which resulted in a $58,427,000 gain.

Depreciation and amortization increased primarily as a result of new property acquisitions and the conversions of newly constructed triple-net properties. To the extent that we acquire or dispose of additional properties in the future, our provision for depreciation and amortization will change accordingly.

Transaction costs represent costs incurred with property acquisitions including due diligence costs, fees for legal and valuation services, the termination of pre-existing relationships, lease termination expenses and other similar costs. The increase in transaction costs over the prior year includes a charge related to the termination of pre-existing relationships, the termination of a lease obligation and overall higher transaction volume. The fluctuation in losses/gains on debt extinguishment is primarily attributable to the volume of extinguishments and the terms of the related secured debt.

Changes in the gain on sales of properties are related to property sales which totaled 11 and five for the six months ended June 30, 2015 and 2014, respectively. During the six months ended June 30, 2015, we recorded an impairment of $2,200,000 related to a triple-net property and land parcel, both of which are considered held for sale.

Seniors Housing Operating

The following is a summary of our NOI for the seniors housing operating segment (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
SSCNOI(1)	$ 156,334	$ 157,446	$ (1,112)	-1%	$ 303,605	$ 305,730	$ (2,125)	-1%
Non-cash NOI attributable to same store properties	(253)	(266)	13	-5%	$ (504)	$ (532)	$ 28	-5%
NOI attributable to non same store properties(2)	23,155	1,705	21,450	1258%	32,188	1,822	30,366	1667%
NOI	$ 179,236	$ 158,885	$ 20,351	13%	$ 335,289	$ 307,020	$ 28,269	9%

(1) Relates to 279 same store properties. Decrease is primarily due to unfavorable changes in USD/CAD and GBP/USD rates.

(2) Change is primarily due to the acquisition of 69 properties subsequent to January 1, 2014.

The following is a summary of our seniors housing operating results of operations (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
Revenues:								
Resident fees and services	$ 535,553	$ 467,639	$ 67,914	15%	$ 1,028,063	$ 923,904	$ 104,159	11%
Interest income	1,042	11	1,031	9373%	2,073	11	2,062	18745%
Other income	3,210	1,264	1,946	154%	4,229	1,318	2,911	221%
	539,805	468,914	70,891	15%	1,034,365	925,233	109,132	12%
Property operating expenses	360,569	310,029	50,540	16%	699,076	618,213	80,863	13%
Net operating income from continuing operations (NOI)	179,236	158,885	20,351	13%	335,289	307,020	28,269	9%
Other expenses:								
Interest expense	38,796	28,833	9,963	35%	73,255	56,312	16,943	30%
Loss (gain) on derivatives, net	-	278	(278)	-100%	-	278	(278)	-100%
Depreciation and amortization	88,844	109,644	(20,800)	-19%	165,479	238,806	(73,327)	-31%
Transaction costs	3,937	1,660	2,277	137%	15,979	2,290	13,689	598%
Loss (gain) on extinguishment of debt, net	-	531	(531)	-100%	-	383	(383)	-100%
	131,577	140,946	(9,369)	-7%	254,713	298,069	(43,356)	-15%
Income (loss) from continuing operations before income taxes and income (loss) from unconsolidated entities	47,659	17,939	29,720	166%	80,576	8,951	71,625	800%
Income tax benefit (expense)	(3,449)	(801)	(2,648)	331%	(3,982)	(2,444)	(1,538)	63%
Income (loss) from unconsolidated entities	(6,083)	(15,496)	9,413	-61%	(21,156)	(23,457)	2,301	-10%
Net income (loss)	38,127	1,642	36,485	2222%	55,438	(16,950)	72,388	-427%
Less: Net income (loss) attributable to noncontrolling interests	1,520	(892)	2,412	n/a	2,793	(2,713)	5,506	-203%
Net income (loss) attributable to common stockholders	$ 36,607	$ 2,534	$ 34,073	1345%	$ 52,645	$ (14,237)	$ 66,882	-470%

Fluctuations in revenues and property operating expenses are primarily a result of acquisitions and the movement of U.S. and foreign currency exchange rates. The fluctuations in depreciation and amortization are due to acquisitions and variations in amortization of short-lived intangible assets. The decrease in depreciation and amortization for the three and six month periods ended June 30, 2015 as compared to the prior year are due primarily to a number of short lived intangible assets which became fully amortized. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly.

During the year ended June 30, 2015, we completed one seniors housing operating construction project representing $19,869,000 or $283,843 per unit. The following is a summary of our seniors housing operating construction projects, excluding expansions, pending as of June 30, 2015 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Chertsey, UK	93	$ 48,934	$ 11,987	3Q17
Camberley, UK	102	21,830	16,946	4Q15
Total	195	$ 70,764	$ 28,933	

Interest expense represents secured debt interest expense as well as interest expense related to our $250,000,000 Canadian-denominated unsecured term credit facility and Sterling-denominated senior unsecured notes. The increase in interest expense from the prior year is attributed primarily to the £500,000,000 Sterling-denominated senior unsecured notes issued in November 2014. Please refer to Note 10 to our unaudited consolidated financial statements for additional information. The following is a summary of our seniors housing operating property secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2015		June 30, 2014		June 30, 2015		June 30, 2014	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 1,810,437	4.356%	$ 1,627,768	4.529%	$ 1,654,531	4.422%	$ 1,714,714	4.622%
Debt issued	54,077	3.623%	-	0.000%	136,801	2.845%	10,690	3.544%
Debt assumed	-	0.000%	12,005	4.147%	205,897	3.976%	12,005	4.147%
Debt extinguished	(37,004)	3.386%	(8,444)	5.934%	(119,965)	3.517%	(81,662)	5.888%
Foreign currency	9,552	3.590%	14,705	3.896%	(31,786)	3.709%	(1,200)	3.936%
Principal payments	(9,939)	4.101%	(8,526)	4.253%	(18,355)	4.204%	(17,039)	4.365%
Ending balance	$ 1,827,123	4.353%	$ 1,637,508	4.530%	$ 1,827,123	4.353%	$ 1,637,508	4.530%
Monthly averages	$ 1,828,513	4.351%	$ 1,626,739	4.538%	$ 1,725,752	4.391%	$ 1,657,156	4.567%

The increase in transaction costs in the current year is a result of increased acquisition and transaction volume in the current year. The majority of our seniors housing operating properties are formed through partnership interests. Net income attributable to noncontrolling interests represents our partners' share of net income (loss) related to joint ventures. The fluctuations in income (loss) from unconsolidated entities is primarily due to depreciation and amortization of short-lived intangible assets and the timing of additional investments in unconsolidated entities.

Outpatient Medical

The following is a summary of our NOI for the outpatient medical segment (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
SSCNOI[(1)]	$ 62,617	$ 60,960	$ 1,657	3%	$ 124,731	$ 121,469	$ 3,262	3%
Non-cash NOI attributable to same store properties[(1)]	1,577	2,190	(613)	-28%	2,838	4,416	(1,578)	-36%
NOI attributable to non same store properties[(2)]	16,197	4,589	11,608	253%	31,474	8,743	22,731	260%
NOI	$ 80,391	$ 67,739	$ 12,652	19%	$ 159,043	$ 134,628	$ 24,415	18%

(1) Change is due to increases in cash NOI and decreases in non-cash NOI related to 178 same store properties.

(2) Change is primarily due to acquisitions of 41 properties and conversions of construction projects into 11 revenue-generating properties subsequent to January 1, 2014.

The following is a summary of our results of operations for the outpatient medical segment (dollars in thousands):

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
Revenues:								
Rental income	$ 116,636	$ 99,713	$ 16,923	17%	$ 231,817	$ 198,451	$ 33,366	17%
Interest income	1,345	942	403	43%	2,609	1,816	793	44%
Other income	195	362	(167)	-46%	356	643	(287)	-45%
	118,176	101,017	17,159	17%	234,782	200,910	33,872	17%
Property operating expenses	37,785	33,278	4,507	14%	75,739	66,282	9,457	14%
Net operating income from continuing operations (NOI)	80,391	67,739	12,652	19%	159,043	134,628	24,415	18%
Other expenses:								
Interest expense	7,184	8,346	(1,162)	-14%	14,809	17,730	(2,921)	-16%
Depreciation and amortization	47,556	37,433	10,123	27%	89,718	74,320	15,398	21%
Transaction costs	975	1,373	(398)	-29%	1,316	1,420	(104)	-7%
	55,715	47,152	8,563	18%	105,843	93,470	12,373	13%
Income from continuing operations before income taxes and income from unconsolidated entities	24,676	20,587	4,089	20%	53,200	41,158	12,042	29%
Income tax (expense) benefit	(161)	(330)	169	-51%	305	(593)	898	n/a
Income from unconsolidated entities	1,678	2,557	(879)	-34%	2,710	3,580	(870)	-24%
Income from continuing operations	26,193	22,814	3,379	15%	56,215	44,145	12,070	27%
Gain (loss) on real estate dispositions, net(1)	190,111	906	189,205	20884%	192,859	906	191,953	21187%
Net income (loss)	216,304	23,720	192,584	812%	249,074	45,051	204,023	453%
Less: Net income (loss) attributable to noncontrolling interests	(534)	83	(617)	n/a	10	219	(209)	-95%
Net income (loss) attributable to common stockholders	$ 216,838	$ 23,637	$ 193,201	817%	$ 249,064	$ 44,832	$ 204,232	456%

(1) See Note 5 to our unaudited consolidated financial statements.

The increase in rental income is primarily attributable to the acquisitions of new properties and the conversion of newly constructed outpatient medical properties from which we receive rent. Certain of our leases contain annual rental escalators that are contingent upon changes in the Consumer Price Index. These escalators are not fixed, so no straight-line rent is recorded; however, rental income is recorded based on the contractual cash rental payments due for the period. If the Consumer Price Index does not increase, a portion of our revenues may not continue to increase. Sales of real property would offset revenue increases and, to the extent that they exceed new acquisitions, could result in decreased revenues. Our leases could renew above or below current rent rates, resulting in an increase or decrease in rental income. For the three months ended June 30, 2015, our consolidated outpatient medical portfolio signed 88,323 square feet of new leases and 344,455 square feet of renewals. The weighted-average term of these leases was seven years, with a rate of $27.79 per square foot and tenant improvement and lease commission costs of $17.89 per square foot. Substantially all of these leases during the referenced quarter contain an annual fixed or contingent escalation rent structure ranging from the change in CPI to 5%.

During the six months ended June 30, 2015, we completed one outpatient medical construction project representing $16,592,000 or $325 per square foot. The following is a summary of the outpatient medical construction projects, excluding expansions, pending as of June 30, 2015 (dollars in thousands):

Location	Square Feet	Commitment	Balance	Est. Completion
Bel Air, MD	99,184	$ 26,386	$ 9,144	1Q16
Richmond, TX	36,475	11,670	3,477	1Q16
Stamford, CT	92,345	41,735	2,290	3Q16
Brooklyn, NY	140,955	103,624	9,714	1Q17
Total	368,959	$ 183,415	$ 24,625	

Total interest expense represents secured debt interest expense. The change in secured debt interest expense is primarily due to the net effect and timing of assumptions, extinguishments and principal amortizations. The following is a summary of our outpatient medical secured debt principal activity (dollars in thousands):

	Three Months Ended				Six Months Ended			
	June 30, 2015		June 30, 2014		June 30, 2015		June 30, 2014	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 587,235	5.841%	$ 655,696	6.036%	$ 609,268	5.838%	$ 700,427	5.999%
Debt assumed	112,000	1.837%	-	0.000%	112,000	1.837%	-	0.000%
Debt extinguished	(40,154)	5.176%	(66,194)	5.736%	(58,812)	5.341%	(107,060)	5.604%
Principal payments	(4,091)	6.098%	(4,341)	5.953%	(7,466)	5.870%	(8,206)	5.647%
Ending balance	$ 654,990	5.193%	$ 585,161	6.067%	$ 654,990	5.193%	$ 585,161	6.067%
Monthly averages	$ 592,911	5.671%	$ 627,455	6.045%	$ 596,570	5.677%	$ 653,158	5.954%

The increase in property operating expenses and depreciation and amortization is primarily attributable to acquisitions and construction conversions of new outpatient medical facilities for which we incur certain property operating expenses.

Transaction costs represent costs incurred with property acquisitions (including due diligence costs, fees for legal and valuation services and termination of pre-existing relationships computed based on the fair value of assets acquired), lease termination fees and other similar costs. The fluctuations in transaction costs are primarily due to acquisition volumes in the relevant periods.

Income from unconsolidated entities represents our share of net income or losses related to our joint venture investment with Forest City Enterprises and certain unconsolidated property investments related to our strategic joint venture with a national medical office building company.

Gain on real estate dispositions is due to the disposition of our interest in the joint venture with Forest City Enterprises in the second quarter of 2015.

Non-Segment/Corporate

The following is a summary of our results of operations for the non-segment/corporate activities (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
Revenues:								
Other income	$ 39	$ 76	$ (37)	-49%	$ 62	$ 91	$ (29)	-32%
Expenses:								
Interest expense	70,202	75,231	(5,029)	-7%	139,172	150,087	(10,915)	-7%
General and administrative	38,474	51,660	(13,186)	-26%	73,612	84,524	(10,912)	-13%
Loss on extinguishment of debt, net	18,989	-	18,989	n/a	24,053	-	24,053	n/a
Other expenses	10,583	-	10,583	n/a	10,583	-	10,583	n/a
	138,248	126,891	11,357	9%	247,420	234,611	12,809	5%
Loss from continuing operations before income taxes	(138,209)	(126,815)	(11,394)	9%	(247,358)	(234,520)	(12,838)	5%
Income tax (expense) benefit	(686)	-	(686)	n/a	(733)	-	(733)	n/a
Loss from continuing operations	(138,895)	(126,815)	(12,080)	10%	(248,091)	(234,520)	(13,571)	6%
Less: Preferred stock dividends	16,352	16,352	-	0%	32,703	32,705	(2)	0%
Net loss attributable to common stockholders	$ (155,247)	$ (143,167)	$ (12,080)	8%	$ (280,794)	$ (267,225)	$ (13,569)	5%

The following is a summary of our non-segment/corporate interest expense (dollars in thousands):

	Three Months Ended		Change		Six Months Ended		Change	
	June 30, 2015	June 30, 2014	$	%	June 30, 2015	June 30, 2014	$	%
Senior unsecured notes	$ 65,674	$ 70,579	$ (4,905)	-7%	$ 130,073	$ 141,280	$ (11,207)	-8%
Secured debt	99	118	(19)	-16%	187	222	(35)	-16%
Primary unsecured credit facility	2,716	2,823	(107)	-4%	5,764	5,124	640	12%
Capitalized interest	(1,519)	(1,664)	145	-9%	(3,359)	(3,217)	(142)	4%
Swap loss (savings)	(9)	(4)	-	0%	(12)	(7)	(5)	71%
Loan expense	3,241	3,379	(138)	-4%	6,519	6,685	(166)	-2%
Totals	$ 70,202	$ 75,231	$ (5,029)	-7%	$ 139,172	$ 150,087	$ (10,915)	-7%

The change in interest expense on senior unsecured notes is due to the net effect of issuances and extinguishments, excluding our Sterling-denominated senior unsecured notes, both of which are in our seniors housing operating segment. Please refer to Note 10 to our unaudited consolidated financial statements for additional information. We capitalize certain interest costs associated with funds used for the construction of properties owned directly by us. The amount capitalized is based upon the balances outstanding during the construction period using the rate of interest that approximates our cost of financing. Our interest expense is reduced by the amount capitalized. Loan expense represents the amortization of deferred loan costs incurred in connection with the issuance and amendments of debt. Loan expense changes are due to amortization of charges for costs incurred in connection with senior unsecured note issuances. The change in interest expense on the primary unsecured credit facility is due primarily to the net effect and timing of draws, paydowns and variable interest rate changes. Please refer to Note 9 of our unaudited consolidated financial statements for additional information regarding our primary unsecured credit facility.

General and administrative expenses for the three and six months ended June 30, 2014 included $19,688,000 related to CEO transition costs. Excluding these costs, general and administrative expenses as a percentage of consolidated revenues for the three months ended June 30, 2015 and 2014 were 4.02% and 3.87%, respectively. The increase in general and administrative expenses excluding the CEO transition costs is primarily related to costs associated with our initiatives to attract and retain appropriate personnel to achieve our business objectives. The loss on extinguishment of debt is due primarily to the early extinguishment of the 2016 senior unsecured notes. The increase in other expenses in the current year is due to costs associated with the retirement of an executive officer and the termination of our investment in a strategic medical office partnership.

Other

Non-GAAP Financial Measures

We believe that net income, as defined by U.S. GAAP, is the most appropriate earnings measurement. However, we consider FFO, NOI and EBITDA to be useful supplemental measures of our operating performance. Historical cost accounting for real estate assets in accordance with U.S. GAAP implicitly assumes that the value of real estate assets diminishes predictably over time as evidenced by the provision for depreciation. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts ("NAREIT") created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO, as defined by NAREIT, means net income attributable to common stockholders, computed in accordance with U.S. GAAP, excluding gains (or losses) from sales of real estate and impairment of depreciable assets, plus depreciation and amortization, and after adjustments for unconsolidated entities and noncontrolling interests.

Net operating income from continuing operations ("NOI") is used to evaluate the operating performance of our properties. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our seniors housing operating and medical facility properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations or transaction costs. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets. Same store cash NOI ("SSCNOI") is used to evaluate the cash-based operating performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. As used herein, same store is generally defined as those revenue-generating properties in the portfolio for the reporting period subsequent to January 1, 2014. Any properties acquired, developed, transitioned, sold or classified as held for sale during that period are excluded from the same store amounts. We believe NOI and SSCNOI provide investors relevant and useful information because they measure the operating performance of our properties at the property level on an unleveraged basis. We use NOI and SSCNOI to make decisions about resource allocations and to assess the property level performance of our properties.

EBITDA stands for earnings before interest, taxes, depreciation and amortization. We believe that EBITDA, along with net income and cash flow provided from operating activities, is an important supplemental measure because it provides additional information to assess and evaluate the performance of our operations. We primarily utilize EBITDA to measure our interest coverage ratio, which represents EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA divided by fixed charges. Fixed charges include total interest, secured debt principal amortization and preferred dividends.

A covenant in our primary unsecured credit facility contains a financial ratio based on a definition of EBITDA that is specific to that agreement. Failure to satisfy these covenants could result in an event of default that could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our consolidated results of operations, liquidity and/or financial condition. Due to the materiality of these debt agreements and the financial covenants, we have disclosed Adjusted EBITDA, which represents EBITDA as defined above and adjusted for stock-based compensation expense, provision for loan losses and gain/loss on extinguishment of debt. We use Adjusted EBITDA to measure our adjusted fixed charge coverage ratio, which represents Adjusted EBITDA divided by fixed charges on a trailing twelve months basis. Fixed charges include total interest (excluding capitalized interest and non-cash interest expenses), secured debt principal amortization and preferred dividends. Our covenant requires an adjusted fixed charge coverage ratio of at least 1.50 times.

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

The table below reflects the reconciliation of FFO to net income attributable to common stockholders, the most directly comparable U.S. GAAP measure, for the periods presented. Noncontrolling interest and unconsolidated entity amounts represent adjustments to reflect our share of depreciation and amortization. Amounts are in thousands except for per share data.

	Three Months Ended					
FFO Reconciliations:	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829	208,802
Impairment of assets	-	-	-	-	2,220	-
Loss (gain) on sales of properties, net	-	(13,079)	(29,604)	(110,839)	(56,845)	(190,111)
Noncontrolling interests	(10,520)	(9,741)	(9,359)	(8,234)	(7,249)	(10,467)
Unconsolidated entities	15,983	20,787	18,250	19,560	26,496	19,791
Funds from operations	$ 288,803	$ 284,245	$ 316,512	$ 284,516	$ 344,250	$ 340,588
Average common shares outstanding:						
Basic	289,606	296,256	311,117	327,492	336,754	350,399
Diluted	290,917	297,995	312,812	329,130	337,812	351,366
Per share data:						
Net income attributable to common stockholders						
Basic	$ 0.17	$ 0.24	$ 0.44	$ 0.58	$ 0.57	$ 0.89
Diluted	0.17	0.24	0.44	0.57	0.56	0.89
Funds from operations						
Basic	$ 1.00	$ 0.96	$ 1.02	$ 0.87	$ 1.02	$ 0.97
Diluted	0.99	0.95	1.01	0.86	1.02	0.97

	Six Months Ended	
FFO Reconciliations:	June 30, 2014	June 30, 2015
Net income attributable to common stockholders	$ 121,851	$ 503,373
Depreciation and amortization	447,766	397,631
Impairment of assets	-	2,220
Loss (gain) on sales of properties, net	(13,079)	(246,956)
Noncontrolling interests	(20,259)	(17,716)
Unconsolidated entities	36,770	46,287
Funds from operations	$ 573,049	$ 684,839
Average common shares outstanding:		
Basic	293,046	343,624
Diluted	294,590	344,623
Per share data:		
Net income attributable to common stockholders		
Basic	$ 0.42	$ 1.46
Diluted	0.41	1.46
Funds from operations		
Basic	$ 1.96	$ 1.99
Diluted	1.95	1.99

The table below reflects the reconciliation of EBITDA to net income, the most directly comparable U.S. GAAP measure, for the periods presented. Interest expense includes discontinued operations. Dollars are in thousands.

	Three Months Ended					
EBITDA Reconciliations:	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Net income	$ 65,200	$ 87,854	$ 152,771	$ 206,474	$ 209,422	$ 330,459
Interest expense	120,956	121,099	118,435	120,707	121,080	118,861
Income tax expense (benefit)	2,260	1,569	(10,198)	5,101	(304)	7,417
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829	208,802
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539
Interest Coverage Ratio:						
Interest expense	$ 120,956	$ 121,099	$ 118,435	$ 120,707	$ 121,080	$ 118,861
Non-cash interest expense	(330)	(1,649)	(547)	100	(119)	4,202
Capitalized interest	1,605	1,700	1,779	2,066	2,387	2,060
Total interest	122,231	121,150	119,667	122,873	123,348	125,123
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539
Interest coverage ratio	3.45x	3.51x	3.86x	4.29x	4.21x	5.32x
Fixed Charge Coverage Ratio:						
Total interest	$ 122,231	$ 121,150	$ 119,667	$ 122,873	$ 123,348	$ 125,123
Secured debt principal payments	15,455	15,803	14,549	16,473	15,630	17,336
Preferred dividends	16,353	16,352	16,352	16,352	16,352	16,352
Total fixed charges	154,039	153,305	150,568	155,698	155,330	158,811
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539
Fixed charge coverage ratio	2.74x	2.77x	3.07x	3.39x	3.34x	4.19x

	Six Months Ended	
EBITDA Reconciliations:	June 30, 2014	June 30, 2015
Net income	$ 153,054	$ 539,880
Interest expense	242,055	239,942
Income tax expense (benefit)	3,830	7,113
Depreciation and amortization	447,766	397,631
EBITDA	$ 846,705	$ 1,184,566
Interest Coverage Ratio:		
Interest expense	$ 242,055	$ 239,942
Non-cash interest expense	(1,980)	4,082
Capitalized interest	3,305	4,446
Total interest	243,380	248,470
EBITDA	$ 846,705	$ 1,184,566
Interest coverage ratio	3.48x	4.77x
Fixed Charge Coverage Ratio:		
Total interest	$ 243,380	$ 248,470
Secured debt principal payments	31,258	32,966
Preferred dividends	32,705	32,703
Total fixed charges	307,343	314,139
EBITDA	$ 846,705	$ 1,184,566
Fixed charge coverage ratio	2.76x	3.77x

The table below reflects the reconciliation of Adjusted EBITDA to net income, the most directly comparable U.S. GAAP measure, for the periods presented. Interest expense includes discontinued operations. Dollars are in thousands.

	Twelve Months Ended					
Adjusted EBITDA Reconciliations:	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Net income	$ 131,682	$ 212,355	$ 331,524	$ 512,300	$ 656,518	$ 899,126
Interest expense	472,827	483,082	484,975	481,197	481,321	479,083
Income tax expense (benefit)	6,987	7,341	(5,934)	(1,267)	(3,832)	2,016
Depreciation and amortization	920,156	934,128	892,117	844,130	799,641	793,994
Stock-based compensation expense	17,336	29,320	29,635	32,075	33,462	30,416
Provision for loan losses	2,110	2,110	2,110	-	-	-
Loss (gain) on extinguishment of debt, net	(749)	(218)	6,542	9,558	25,108	43,464
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099
Adjusted Fixed Charge Coverage Ratio:						
Interest expense	$ 472,827	$ 483,082	$ 484,975	$ 481,197	$ 481,321	$ 479,083
Capitalized interest	6,700	7,014	7,087	7,150	7,931	8,292
Non-cash interest expense	(880)	(1,292)	(2,790)	(2,427)	(2,215)	3,636
Total interest	478,647	488,804	489,272	485,920	487,037	491,011
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099
Adjusted interest coverage ratio	3.24x	3.41x	3.56x	3.86x	4.09x	4.58x
Total interest	$ 478,647	$ 488,804	$ 489,272	$ 485,920	$ 487,037	$ 491,011
Secured debt principal payments	60,341	62,867	62,119	62,280	62,455	63,988
Preferred dividends	66,088	65,838	65,588	65,408	65,408	65,408
Total fixed charges	605,076	617,509	616,979	613,608	614,900	620,407
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099
Adjusted fixed charge coverage ratio	2.56x	2.70x	2.82x	3.06x	3.24x	3.62x

The following tables reflect the reconciliation of NOI and SSCNOI to net income attributable to common stockholders, the most directly comparable U.S. GAAP measure, for the periods presented. Dollars are in thousands.

	Three Months Ended					
NOI Reconciliations:	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Total revenues:						
Triple-net	$ 245,580	$ 256,439	$ 259,248	$ 266,600	$ 282,988	$ 299,149
Seniors housing operating	456,319	468,914	483,791	488,546	494,561	539,805
Outpatient medical	99,893	101,017	104,378	112,144	116,606	118,176
Non-segment/corporate	15	76	106	479	22	39
Total revenues	801,807	826,446	847,523	867,769	894,177	957,169
Property operating expenses:						
Triple-net	243	447	41	-	-	-
Seniors housing operating	308,184	310,029	320,895	327,200	338,507	360,569
Outpatient medical	33,004	33,278	34,221	35,815	37,954	37,785
Total property operating expenses	341,431	343,754	355,157	363,015	376,461	398,354
Net operating income:						
Triple-net	245,337	255,992	259,207	266,600	282,988	299,149
Seniors housing operating	148,135	158,885	162,896	161,346	156,054	179,236
Outpatient medical	66,889	67,739	70,157	76,329	78,652	80,391
Non-segment/corporate	15	76	106	479	22	39
NOI	460,376	482,692	492,366	504,754	517,716	558,815
Reconciling items:						
Interest expense	(120,833)	(121,065)	(118,435)	(120,707)	(121,080)	(118,861)
Gain (loss) on derivatives, net	-	(351)	(49)	1,895	58,427	-
Depreciation and amortization	(233,318)	(214,449)	(200,970)	(195,393)	(188,829)	(208,802)
General and administrative	(32,865)	(51,660)	(30,803)	(27,616)	(35,138)	(38,474)
Transaction costs	(952)	(7,040)	(13,554)	(47,991)	(48,554)	(12,491)
Gain (loss) on extinguishment of debt, net	148	(531)	(2,692)	(6,484)	(15,401)	(18,887)
Impairment of assets	-	-	-	-	(2,220)	-
Other expenses	-	-	(10,262)	-	-	(10,583)
Income tax benefit (expense)	(2,260)	(1,569)	10,198	(5,101)	304	(7,417)
Income (loss) from unconsolidated entities	(5,556)	(11,516)	(2,632)	(7,722)	(12,648)	(2,952)
Income (loss) from discontinued operations, net	460	6,675	-	-	-	-
Gain (loss) on real estate dispositions, net	-	6,668	29,604	110,839	56,845	190,111
Preferred dividends	(16,353)	(16,352)	(16,352)	(16,352)	(16,352)	(16,352)
Loss (income) attributable to noncontrolling interests	1,175	327	(164)	(1,486)	(2,271)	(1,534)
	(410,354)	(410,863)	(356,111)	(316,118)	(326,917)	(246,242)
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573

	Six Months Ended	
NOI Reconciliations:	June 30, 2014	June 30, 2015
Total revenues:		
Triple-net	$ 502,020	$ 582,137
Seniors housing operating	925,233	1,034,365
Outpatient medical	200,910	234,782
Non-segment/corporate	91	62
Total revenues	1,628,254	1,851,346
Property operating expenses:		
Triple-net	690	-
Seniors housing operating	618,213	699,076
Outpatient medical	66,282	75,739
Total property operating expenses	685,185	774,815
Net operating income:		
Triple-net	501,330	582,137
Seniors housing operating	307,020	335,289
Outpatient medical	134,628	159,043
Non-segment/corporate	91	62
NOI	943,069	1,076,531
Reconciling items:		
Interest expense	(241,898)	(239,942)
Gain (loss) on derivatives, net	(351)	58,427
Depreciation and amortization	(447,766)	(397,631)
General and administrative	(84,524)	(73,612)
Transaction costs	(7,993)	(61,045)
Gain (loss) on extinguishment of debt, net	(383)	(34,288)
Impairment of assets	-	(2,220)
Other expenses	-	(10,583)
Income tax benefit (expense)	(3,830)	(7,113)
Income (loss) from unconsolidated entities	(17,073)	(15,600)
Income (loss) from discontinued operations, net	7,135	-
Gain (loss) on real estate dispositions, net	6,668	246,956
Preferred dividends	(32,705)	(32,703)
Loss (income) attributable to noncontrolling interests	1,502	(3,804)
	(821,218)	(573,158)
Net income (loss) attributable to common stockholders	$ 121,851	$ 503,373

		Three Months Ended					
Same Store Cash NOI Reconciliations:		March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Net operating income from continuing operations:							
Triple-net		$ 245,337	$ 255,992	$ 259,207	$ 266,600	$ 282,988	$ 299,149
Seniors housing operating		148,135	158,885	162,896	161,346	156,054	179,236
Outpatient medical		66,889	67,739	70,157	76,329	78,652	80,391
Total		460,361	482,616	492,260	504,275	517,694	558,776
Adjustments:							
Triple-net:							
Non-cash NOI on same store properties		(13,027)	(19,371)	(20,207)	(19,705)	(22,258)	(22,849)
NOI attributable to non same store properties		(33,971)	(34,902)	(36,212)	(42,651)	(55,175)	(67,941)
Subtotal		(46,998)	(54,273)	(56,419)	(62,356)	(77,433)	(90,790)
Seniors housing operating:							
Non-cash NOI on same store properties		266	266	261	252	251	253
NOI attributable to non same store properties		(117)	(1,705)	(2,432)	(5,386)	(9,034)	(23,155)
Subtotal		149	(1,439)	(2,171)	(5,134)	(8,783)	(22,902)
Outpatient medical:							
Non-cash NOI on same store properties		(2,226)	(2,190)	(1,745)	(1,560)	(1,262)	(1,577)
NOI attributable to non same store properties		(4,155)	(4,588)	(7,569)	(13,461)	(15,277)	(16,196)
Subtotal		(6,381)	(6,778)	(9,314)	(15,021)	(16,539)	(17,773)
Same store cash net operating income:	Properties						
Triple-net	585	198,339	201,719	202,788	204,244	205,555	208,359
Seniors housing operating	279	148,284	157,446	160,725	156,212	147,271	156,334
Outpatient medical	178	60,508	60,960	60,844	61,308	62,114	62,617
Total	1,042	$ 407,131	$ 420,125	$ 428,268	$ 425,669	$ 419,110	$ 427,310

Same Store Cash NOI Property Reconciliation:	
Total Properties	1,350
Acquisitions	(248)
Developments	(20)
Held-for-sale	(26)
Other(1)	(14)
Same store properties	1,042

(1) Includes eleven land parcels and three loans.

Same Store Cash NOI Reconciliations:	Properties	Six Months Ended June 30, 2014	Six Months Ended June 30, 2015
Net operating income from continuing operations:			
Triple-net		$ 501,330	$ 582,137
Seniors housing operating		307,020	335,289
Outpatient medical		134,628	159,043
Total		942,978	1,076,469
Adjustments:			
Triple-net:			
Non-cash NOI on same store properties		(32,400)	(45,107)
NOI attributable to non same store properties		(68,872)	(123,116)
Subtotal		(101,272)	(168,223)
Seniors housing operating:			
Non-cash NOI on same store properties		532	504
NOI attributable to non same store properties		(1,822)	(32,190)
Subtotal		(1,290)	(31,686)
Outpatient medical			
Non-cash NOI on same store properties		(4,416)	(2,838)
NOI attributable to non same store properties		(8,744)	(31,473)
Subtotal		(13,160)	(34,311)
Same store cash net operating income:			
Triple-net	585	400,058	413,914
Seniors housing operating	279	305,730	303,605
Outpatient medical	178	121,469	124,731
Total	1,042	$ 827,257	$ 842,250

Other Disclosures

United States of America

Health Care Reimbursements

Policy and legislative changes that increase or decrease government reimbursement impact our operators and tenants that participate in Medicare, Medicaid, or other government programs. The reimbursement methodologies applied to health care facilities continue to evolve. To the extent that policy or legislative changes, or new reimbursement methodologies decrease government reimbursement to our operators and tenants, our revenue and operations may be adversely affected.

Medicare Reimbursement and Physicians. Historically, the Centers for Medicare and Medicaid Services ("CMS") annually adjusted the Medicare Physician Fee Schedule payment rates based on an update formula that included application of the Sustainable Growth Rate ("SGR"). On April 1, 2014, President Obama signed into law the Protecting Access to Medicare Act of 2014, which provided for a 0% update to the 2015 Medicare Physician Fee Schedule through March 31, 2015. On November 13, 2014, CMS published the calendar year 2015 Physician Fee Schedule final rule, which, consistent with the Protecting Access to Medicare Act of 2014, called for a 0% update from January 1, 2015 through March 31, 2015 and a negative 21.2% update under the statutory SGR formula for April 1, 2015 through December 31, 2015. However, on April 16, 2015, President Obama signed and enacted into law H.R. 2, the Medicare Access and CHIP Reauthorization Act of 2015, which, among other things:

- Repeals the SGR.
- Institutes a 0% update to the single conversion factor under the Medicare Physician Fee Schedule from January 1 through June 30, 2015, a 0.5% update for July 2015 through the end of 2019, and a 0% update for 2020 through 2025. For 2026 and subsequent years, the update will be either 0.75% or 0.25%, depending in which Alternate Payment Model ("APM") the physician participates.
- Delays the Geographic Practice Cost Indices ("GPCI") payment adjustment until January 1, 2018.
- Extends the therapy cap exceptions process through December 31, 2017.
- Imposes a market basket update of 1% for skilled nursing providers for FY 2018.

Additionally, on April 6, 2015, CMS announced final 2016 payment rates for Medicare Advantage, with an expected average payment impact of 3.25%. Changes in Medicare Advantage plan payments may indirectly affect our operators and tenants that contract with Medicare Advantage plans.

CMS also issued several proposed rules which, if finalized, could impact our tenants and operators.

- On April 15, 2015, CMS issued a proposed rule regarding fiscal year 2016 ("FY16") Medicare payment rates for skilled nursing facilities ("SNFs"). If finalized, CMS projects that aggregate payments to SNFs will increase by $500 million, or 1.4%, from payments in fiscal year 2015.
- On April 30, 2015, CMS issued a proposed rule regarding FY16 Medicare payment rates for Long-Term Care Hospitals ("LTCHs"). Under the rule, standard LTCH Prospective Payment System rates would increase 1.9%. If finalized, CMS projects overall payments to LTCHs under the rule would decrease by 4.6%, or $250 million, due to the statutory decrease in payment rates for site neutral LTCH PPS cases. Site neutral LTCH PPS cases do not meet the clinical criteria to qualify for the higher standard LTCH PPS payment rates.
- On July 8, 2015, CMS issued a proposed rule regarding 2016 Medicare payment rates for hospital outpatient departments ("HOPDs") and ambulatory surgery centers ("ASCs"). Under the rule, CMS proposes to reduce payments HOPDs by 0.1% and increase payments to ASCs by 1.1%. The proposed rule also included updates to the "Two-Midnight" rule regarding when inpatient admissions are appropriate for payment under Medicare Part A. If finalized, an inpatient admission lasting less than two midnights would be payable under Medicare Part A on a case-by-case basis based on the judgment of the admitting physician, supported by documentation in the medical record.
- On July 14, 2015, CMS issued a proposal to bundle the costs for Lower Extremity Joint Replacement ("LEJR") procedures in certain geographic areas. The bundle would begin with the hospital admission and continue for 90 days following hospital discharge. The following services, among others, would be included: physician services, inpatient hospital services (including readmission), LTCH, inpatient rehabilitation, SNF, and/or home health services, hospital outpatient services, outpatient therapy, clinical lab and hospice. Hospitals subject to the bundling requirements with spending below an established target price that meet the threshold on certain quality measures could earn a reconciliation payment from Medicare. Hospitals with spending that exceeds the target would need to pay the difference to Medicare.
- On July 15, 2015, CMS issued a proposed rule regarding 2016 Medicare payment rates under the Physician Fee Schedule ("PFS"). Among other proposals, CMS plans to initiate implementation of the new payment system for physicians and other practitioners, the Merit-Based Incentive Payment System ("MIPS"), required by the legislation that repealed the SGR.
- On July 16, 2015, CMS issued a proposed rule that, for the first time in nearly 25 years, would comprehensively update the SNF requirements for participation under Medicare and Medicaid. Among other things, the proposed rule addresses requirements relating to quality of care and quality of life, facility responsibilities and staffing considerations, resident assessments, and compliance and ethics programs. CMS estimates that this rule would result in an estimated first-year cost of approximately $46,491 per facility and a subsequent-year cost of $40,685 per facility on 15,691 LTC facilities.

Other Health Care Initiatives

Recent Quality Initiatives. Recent government proposals have resulted in an increased emphasis by the government on the quality of care provided by providers. For example, on February 27, 2015, CMS announced the establishment of a Health Care Payment Learning and Action Network as part of its plan to shift the Medicare program, and the healthcare system at large, toward paying providers based on quality, rather than the quantity of care they provide to patients. Through the Learning and Action Network, CMS will work with private payers, employers, consumers, providers, states and state Medicaid programs, and other partners to expand alternative payment models into their programs. To the extent this and similar measures impose additional obligations on our operators or tenants, or decrease the reimbursements that they receive, our revenues and operations may be indirectly adversely affected.

The Department of Health and Human Services, Office of Inspector General ("OIG") Recommendations Addressing SNF Billing. In the OIG's March 2015 Compendium of Priority Recommendations, a report that highlights the OIG's previous recommendations for which corrective action has not been completed, the OIG cited its prior November 2012 report addressing questionable billing practices by SNFs. The OIG recommended, among other things, changing the current method for determining how much therapy is needed to ensure appropriate payments, monitoring compliance with new therapy assessments, and improving accuracy of data submitted by SNFs. Similarly, in June 2015, the OIG issued a report analyzing CMS' assessments related to changes in the amount of therapy that a beneficiary receives during stays. The OIG concluded that CMS' new policies create challenges for oversight and that SNFs' use of these assessments cost Medicare $143 million over 2 years. The OIG recommended, among other things, that CMS should (1) reduce the financial incentive for SNFs to use assessments differently when decreasing and increasing therapy and (2) accelerate its efforts to implement a new method for paying for therapy. If followed, these reports and recommendations may impact our operators and tenants.

Challenges to the Health Reform Laws. Since the enactment of the Patient Protection and Affordable Care Act of 2010, as modified by the Health Care and Education Reconciliation Act of 2010 (collectively, the "Health Reform Laws"), there have been multiple attempts through legislative action and legal challenge to repeal or amend the Health Reform Laws, including the case that was recently pending before the U.S. Supreme Court, *King v. Burwell*. Although the Supreme Court in *Burwell* upheld the use of subsidies to individuals in federally-facilitated health care exchanges on June 25, 2015, which ultimately did not disrupt significantly the implementation of the Health Care Reform Laws, we cannot predict whether other current or future efforts to repeal or amend the Health Reform Laws will be successful, nor can we predict the impact that such a repeal or amendment would have on our operators or tenants and their ability to meet their obligations to us.

Canada

Licensing and Regulation

Ontario

Retirement homes in Ontario are regulated under the Retirement Homes Act, 2010 (the "Act"). A license is required to operate a retirement home. Licenses must be applied for and are non-transferable. Applications for licenses are directed to the Registrar of the Retirement Homes Regulatory Authority ("RHRA").

The Act requires a report to the RHRA when any person has reasonable grounds to suspect abuse of a resident by anyone, or neglect of a resident by staff. Following a report to the RHRA, there is a mandatory inspection carried out by the RHRA, which results in a report that is posted on the RHRA's public website. The most recent report must also be posted in the subject home, and be readily available for review if requested thereafter. The Registrar of the RHRA can receive complaints about a retirement home contravening a provision of the Act, and if such a complaint is received, it must be reviewed promptly. The Registrar may ask the retirement home that is the subject of the complaint to provide information relevant to the complaint, and has the power to conduct an inspection, issue a written warning or take other action as prescribed in the regulations.

British Columbia

The Community Care and Assisted Living Act, the Residential Care Regulation, and the Community Care and Assisted Living Regulation (together, the "B.C. Act") regulate "community care facilities" (long-term care facilities) in substantially the same manner as retirement homes are regulated under the Ontario Act. The B.C. Act defines such a facility as premises used for the purpose of supervising vulnerable persons who require three or more prescribed services (from a list that includes regular assistance with activities of daily living; distribution of medication; management of cash resources; monitoring of food intake; structured behavior management and intervention; and psychosocial or physical rehabilitative therapy).

United Kingdom

Registration

In England, care home services are principally regulated by the Health and Social Care Act 2008 (the "Act") and associated Regulations. The Act requires all persons carrying out "Regulated Activities" in England, and the managers of such persons, to be registered. Regulated Activities are defined in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, as amended (the "2014 Regulations"), and include (among other activities):

- The provision of personal care for persons who, by reason of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided; and
- The provision of residential accommodation, together with nursing or personal care.

From April 1, 2015, the 2014 Regulations fully revoked the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 (the "2010 Regulations") and while the 2014 Regulations introduce certain modifications with regard to service standards, the registration obligations under the Act remain.

Service Standards and Notification Obligations

The 2014 Regulations aim to streamline the legal obligations in the 2010 Regulations, and replace them with a set of more broadly-phrased, legally binding "Fundamental Standards". The 2014 Regulations list the standards that must be met when providing care services. The service providers' legal obligations include:

- Care and treatment must be appropriate and reflect service user needs and preferences;
- Service users must be treated with dignity and respect;
- Care and treatment must only be provided with consent;
- Care and treatment must be provided in a safe way for service users;
- Service users must be protected from abuse and improper treatment;
- Service users nutritional and hydration needs must be met;
- All premises and equipment must be clean, secure, suitable and used properly;
- Complaints must be investigated and appropriate action taken;
- Systems and processes must be established to ensure compliance with fundamental standards;
- Sufficient numbers of suitably qualified, competent, skilled and experienced staff must be deployed;
- Persons employed must be of good character, having the necessary qualifications, skills and experience, and be able to perform the work for which they are employed; and
- Health service bodies must be open and transparent with service users about their care and treatment.

Failure to comply with certain provisions of the above Regulations is an offense, with a person guilty of the offense liable on summary conviction to a fine. Monetary penalty notices may also be issued.

The Regulations also include:

- Requirements around fit and proper persons being employed for the purposes of carrying of a regulated activity. Such persons must be of good character, have the qualifications, competence, skills and experience necessary and be able by reason of their health to perform their tasks. Recruitment procedures must also be established and effectively operated with certain specified information being available in relation to each person employed and registered where required;
- A new "duty of candour" to notify and apologize to affected persons, in the event of certain incidents having actually or potentially led to the death of the service user, where the death relates directly to the incident rather than to the natural course of the service user's illness or underlying condition, or severe harm, moderate harm or prolonged psychological harm to the service user;
- A requirement for a service provider to display a performance assessment received as a rating of its performance by the Care Quality Commission (the "CQC"); and
- A requirement that registered persons have regard to guidance issued by the CQC and any code of practice from the Secretary of State in relation to prevention or control of health care associated infections.

Under the Care Quality Commission (Registration) Regulations 2009 certain matters must be notified to the CQC, the government regulatory body overseeing the provision of nursing and other care services in England. Failure to comply with notification obligations is an offense and a person guilty of an offense is liable on summary conviction to a fine of up to £2,500.

Regulatory Oversight and Inspections

The Act also sets out the powers and responsibilities of the CQC. Among other powers, the CQC administers the compulsory registration system and issues guidance to care service providers on how to comply with applicable standards set out in legislation.

The Care Act 2014 sets out certain provisions concerning (among others):

- The duty of a local authority to meet the needs of an adult for care and support and a carer's needs where the registered care provider is unable to carry on a regulated activity because of business failure;
- The duty of the CQC to assess the financial sustainability of providers subject to its regulatory regime with a view to identifying any threats that such providers may face to their financial sustainability. Where the CQC identifies a significant risk to financial sustainability it can require the provider to develop a sustainability plan setting out the provider's plan to mitigate or eliminate risk or require the provider to organize an independent review of the business with the costs being recovered from the provider;
- The CQC informing local authorities where a registered care provider is likely to become unable to carry on a regulated activity; and
- A new offense where certain registered care providers supply, publish or make available information that is false or misleading in a material respect which can also apply to a director, manager or person purporting to act as such of a company.

Critical Accounting Policies

Our unaudited consolidated financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions. Management considers an accounting estimate or assumption critical if:

- the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
- the impact of the estimates and assumptions on financial condition or operating performance is material.

Management has discussed the development and selection of its critical accounting policies with the Audit Committee of the Board of Directors. Management believes the current assumptions and other considerations used to estimate amounts reflected in our unaudited consolidated financial statements are appropriate and are not reasonably likely to change in the future. However, since these estimates require assumptions to be made that were uncertain at the time the estimate was made, they bear the risk of change. If actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our unaudited consolidated financial statements, the resulting changes could have a material adverse effect on our consolidated results of operations, liquidity and/or financial condition. Please refer to Note 2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 for further information regarding significant accounting policies that impact us. There have been no material changes to these policies in 2015.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. When the company uses words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate" or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. In particular, these forward-looking statements include, but are not limited to, those relating to the company's opportunities to acquire, develop or sell properties; the company's ability to close its anticipated acquisitions, investments or dispositions on currently anticipated terms, or within currently anticipated timeframes; the expected performance of the company's operators/tenants and properties; the company's expected occupancy rates; the company's ability to declare and to make distributions to shareholders; the company's investment and financing opportunities and plans; the company's continued qualification as a real estate investment trust ("REIT"); the company's ability to access capital markets or other sources of funds; and the company's ability to meet its earnings guidance. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the company's actual results to differ materially from the company's expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the status of the economy; the status of capital markets, including availability and cost of capital; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators'/tenants' difficulty in cost-effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; the company's ability to transition or sell properties with profitable results; the failure to make new investments or acquisitions as and when anticipated; natural disasters and other acts of God affecting the company's properties; the company's ability to re-lease space at similar rates as vacancies occur; the company's ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future investments or acquisitions; environmental laws affecting the company's properties; changes in rules or practices governing the company's financial reporting; the movement of U.S. and foreign currency exchange rates; the company's ability to maintain its qualification as a REIT; and key management personnel recruitment and retention. Other important factors are identified in the company's Annual Report on Form 10-K for the year ended December 31, 2014, including factors identified under the headings "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Finally, the company undertakes no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to various market risks, including the potential loss arising from adverse changes in interest rates and foreign currency exchange rates. We seek to mitigate the underlying foreign currency exposures with gains and losses on derivative contracts hedging these exposures. We seek to mitigate the effects of fluctuations in interest rates by matching the terms of new investments with new long-term fixed rate borrowings to the extent possible. We may or may not elect to use financial derivative instruments to hedge interest rate exposure. These decisions are principally based on our policy to match our variable rate investments with comparable borrowings, but are also based on the general trend in interest rates at the applicable dates and our perception of the future volatility of interest rates. This section is presented to provide a discussion of the risks associated with potential fluctuations in interest rates and foreign currency exchange rates.

We historically borrow on our primary unsecured credit facility to acquire, construct or make loans relating to health care and seniors housing properties. Then, as market conditions dictate, we will issue equity or long-term fixed rate debt to repay the borrowings under our primary unsecured credit facility. We are subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of refinancing may not be as favorable as the terms of current indebtedness. The majority of our borrowings were completed under indentures or contractual agreements that limit the amount of indebtedness we may incur. Accordingly, in the event that we are unable to raise additional equity or borrow money because of these limitations, our ability to acquire additional properties may be limited.

A change in interest rates will not affect the interest expense associated with our fixed rate debt. Interest rate changes, however, will affect the fair value of our fixed rate debt. Changes in the interest rate environment upon maturity of this fixed rate debt could have an effect on our future cash flows and earnings, depending on whether the debt is replaced with other fixed rate debt, variable rate debt or equity or repaid by the sale of assets. To illustrate the impact of changes in the interest rate markets, we performed a sensitivity analysis on our fixed rate debt instruments whereby we modeled the change in net present values arising from a hypothetical 1% increase in interest rates to determine the instruments' change in fair value. The following table summarizes the analysis performed as of the dates indicated (in thousands):

	June 30, 2015		December 31, 2014	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	$ 7,409,045	$ (525,806)	$ 7,101,655	$ (547,358)
Secured debt	2,631,652	(83,416)	2,673,480	(93,580)
Totals	$ 10,040,697	$ (609,222)	$ 9,775,135	$ (640,938)

Our variable rate debt, including our primary unsecured credit facility, is reflected at fair value. At June 30, 2015, we had $1,452,636,000 outstanding under our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of $14,526,000. At December 31, 2014, we had $983,783,000 outstanding under our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would have resulted in increased annual interest expense of $9,838,000.

We are subject to currency fluctuations that may, from time to time, affect our financial condition and results of operations. Increases or decreases in the value of the Canadian Dollar or Pounds Sterling relative to the U.S. Dollar impact the amount of net income we earn from our investments in Canada and the United Kingdom. Based solely on our results for the three months ended June 30, 2015, if these exchange rates were to increase or decrease by 100 basis points, our net income from these investments would decrease or increase, as applicable, by less than $1,000,000 annualized. We seek to mitigate these underlying foreign currency exposures with non-U.S. denominated borrowings and gains and losses on derivative contracts hedging these exposures. If we increase our international presence through investments in, or acquisitions or development of, seniors housing and health care properties outside the U.S., we may also decide to transact additional business or borrow funds in currencies other than U.S. Dollars, Canadian Dollars or Pounds Sterling. To illustrate the impact of changes in foreign currency markets, we performed a sensitivity analysis on our derivative portfolio whereby we modeled the change in net present values arising from a hypothetical 1% increase in foreign currency exchange rates to determine the instruments' change in fair value. The following table summarizes the results of the analysis performed (dollars in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency forward contracts(1)	$ 17,951	$ 2,987	$ 54,247	$ 4,242
Debt designated as hedges	1,852,487	13,000	1,851,189	13,000
Totals	$ 1,870,438	$ 15,987	$ 1,905,436	$ 17,242

(1) Amounts exclude cross currency hedge activity.

For additional information regarding fair values of financial instruments, see "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" and Notes 11 and 16 to our unaudited consolidated financial statements.

Item 4. *Controls and Procedures*

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by us in the reports we file with or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. No changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time, there are various legal proceedings pending to which we are a party or to which some of our properties are subject arising in the normal course of business. We do not believe that the ultimate resolution of these proceedings will have a material adverse effect on our consolidated financial position or results of operations.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

On June 3, 2015, we issued 17,241 shares of our common stock to a national medical office partner pursuant to the terms of our strategic partnership. The shares were issued without registration in reliance upon the federal statutory exemption of Section 4(2) of the Securities Act of 1933, as amended, upon such partnership earning acquisition fees in connection with the acquisition of medical office buildings and completion and success fees in connection with the development of new projects.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2015 through April 30, 2015	5,990	$ 77.20		
May 1, 2015 through May 31, 2015	4,636	68.84		
June 1, 2015 through June 30, 2015	351	67.03		
Totals	10,977	$ 73.34		

(1) During the three months ended June 30, 2015, the company acquired shares of common stock held by employees who tendered owned shares to satisfy tax withholding obligations.

(2) No shares were purchased as part of publicly announced plans or programs.

Item 5. *Other Information*

None.

Item 6. *Exhibits*

4.1 Indenture, dated as of March 15, 2010, between the company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (filed with the Securities and Exchange Commission as Exhibit 4.1 to the company's Form 8-K filed March 15, 2010, and incorporated herein by reference thereto).

4.2 Supplemental Indenture No. 11, dated as of May 26, 2015, between the company and the Trustee (filed with the Securities and Exchange Commission as Exhibit 4.2 to the company's Form 8-K filed May 27, 2015, and incorporated herein by reference thereto).

10.1 Executive Retirement Agreement, effective July 1, 2015, between the company and Charles J. Herman, Jr.*

10.2 Consulting Agreement, effective July 1, 2015, between the company and Charles J. Herman, Jr.*

10.3 Health Care REIT, Inc. 2015-2017 Long-Term Incentive Program.*

10.4 Form of Performance Restricted Stock Unit Award Agreement under the 2015-2017 Long-Term Incentive Program.*

12 Statement Regarding Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends (Unaudited).

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

32.1 Certification pursuant to 18 U.S.C. Section 1350 by Chief Executive Officer.

32.2 Certification pursuant to 18 U.S.C. Section 1350 by Chief Financial Officer.

101.INS XBRL Instance Document**

101.SCH XBRL Taxonomy Extension Schema Document**

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document**

101.LAB XBRL Taxonomy Extension Label Linkbase Document**

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document**

101.DEF XBRL Taxonomy Extension Definition Linkbase Document**

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* Management Contract or Compensatory Plan or Arrangement.

** Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets at June 30, 2015 and December 31, 2014, (ii) the Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014, (iii) the Consolidated Statements of Equity for the six months ended June 30, 2015 and 2014, (iv) the Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014 and (v) the Notes to Unaudited Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements 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.

Date: August 4, 2015	By: /s/ THOMAS J. DEROSA Thomas J. DeRosa, Chief Executive Officer (Principal Executive Officer)
Date: August 4, 2015	By: /s/ SCOTT A. ESTES Scott A. Estes, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: August 4, 2015	By: /s/ PAUL D. NUNGESTER, JR. Paul D. Nungester, Jr., Senior Vice President and Controller (Principal Accounting Officer)

EXHIBIT 10.1

EXECUTIVE RETIREMENT AGREEMENT

THIS EXECUTIVE RETIREMENT AGREEMENT ("Agreement") is made by and between Health Care REIT, Inc., together with its affiliates, subsidiaries, divisions, joint ventures, predecessors, successors and assigns (the "Company") and Charles J. Herman, Jr., on behalf of himself and his heirs, executors, administrators, successors, and assigns (collectively referred to herein as "Employee") (the Company and Employee shall be collectively referred to herein as "Parties").

RECITALS

WHEREAS, Employee was employed by the Company subject to the Second Amended and Restated Employment Agreement dated December 29, 2008 (the "Employment Agreement");

WHEREAS, the current term of the Employment Agreement expires on January 31, 2017 (as defined in the Employment Agreement);

WHEREAS, the Employee has decided to retire from Employee's employment with the Company effective July 1, 2015 (the "Retirement Date");

WHEREAS, in consideration for Employee's execution and non-revocation of this Agreement, the Company shall pay to the Employee the payments described in that certain letter between Employee and the Company re: Employee's retirement dated June 29, 2015 (the "Retirement Letter"); and

WHEREAS, Employee elects to receive separation pay and other benefits under this Agreement under the terms and conditions set forth below.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the Parties hereby agree as follows:

The above recitals are hereby incorporated into this Agreement.

1. **Last Day of Employment.** Employee's last day of employment with the Company is the Retirement Date, July 1, 2015.

2. **Consideration.** In consideration for Executive signing this Agreement, and complying with its terms, the Company agrees, after Employee executes this Agreement and within 10 business days after it becomes final and irrevocable, as set forth in Section 20 below (the "Effective Date"), to pay to Employee the amount of Two Million Four Hundred Forty-Four Thousand Three Hundred Ninety Dollars and Seventy-One Cents ($2,444,390.71) less lawful deductions (the "Separation Pay") and to waive any right it may have to enforce the provisions of Section 5(a) of the Employment Agreement pursuant to which Employee would be obligated to repay any portion of the Separation Pay to the Company in the event Employee were to obtain a replacement position with a new employer prior to January 31, 2017. The Separation Pay will be paid in a lump sum. The Company will also provide Employee with the other payments and benefits, including the acceleration of incentive awards, as described in the Retirement Letter.

3. **No Consideration Absent Execution of this Agreement.** Employee understands and agrees that Employee is not otherwise owed and would not receive certain of the monies and/or benefits specified in Section 2 above, except for Employee's execution of this Agreement and the fulfillment of the promises contained herein.

4. **General Release, Claims Not Released and Related Provisions**

a. **General Release of All Claims**. Employee knowingly and voluntarily releases and forever discharges the Company, its parent corporation, affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively referred to throughout the remainder of this Agreement as "Releasees"), of and from any and all claims, causes of action, demands, obligations, grievances, suits, losses, debts and expenses (including attorney's fees and costs), damages and claims in law or in equity of any nature whatsoever, known and unknown, asserted or unasserted, which the Employee has or may have against Releasees as of the date of execution of this Agreement, including, but not limited to, any alleged violation of:

§ Title VII of the Civil Rights Act of 1964;

- § Sections 1981 through 1988 of Title 42 of the United States Code;
- § The Employee Retirement Income Security Act of 1974 ("ERISA") (as modified below);
- § The Immigration Reform and Control Act;
- § The Americans with Disabilities Act of 1990;
- § The Age Discrimination in Employment Act of 1967 (“ADEA”);
- § The Worker Adjustment and Retraining Notification Act;
- § The Fair Credit Reporting Act;
- § The Family and Medical Leave Act;
- § The Equal Pay Act;
- § The Genetic Information Nondiscrimination Act of 2008;
- § Ohio Civil Rights Act, O.R.C. § 4112.01 et seq.;
- § Ohio Age Discrimination in Employment Act, O.R.C. § 4112.14;
- § Ohio Whistleblower Protection Act, O.R.C. § 4113.51 et seq.;
- § Ohio Statutory Provisions Regarding Retaliation/Discrimination for Pursuing a Workers Compensation Claim, O.R.C. § 4123.90;
- § Ohio Minimum Fair Wages Act, O.R.C. § 4111.01 et seq.;
- § Ohio Wage Payment Act, O.R.C. § 4113.15;
- § Ohio Uniformed Services Employment and Reemployment Act, Ohio Rev. Code §§ 5903.01, 5903.02
- § any other federal, state or local law, rule, regulation, or ordinance;
- § any public policy, contract, tort, or common law; or
- § any basis for recovering costs, fees, or other expenses including attorneys' fees incurred in these matters.

b. **Claims Not Released**. Employee is not waiving any rights he may have to: (a) his own vested accrued employee benefits under the Company’s health, welfare, or retirement benefit plans as of the Retirement Date; (b) benefits and/or the right to seek benefits under applicable workers’ compensation and/or unemployment compensation statutes; (c) pursue claims which by law cannot be waived by signing this Agreement; (d) enforce this Agreement; and/or (e) challenge the validity of this Agreement.

c. **Governmental Agencies**. Nothing in this Agreement prohibits or prevents Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding or other proceeding before any federal, state, or local government agency (e.g. EEOC, NLRB, SEC., etc.), nor does anything in this Agreement preclude, prohibit, or otherwise limit, in any way, Employee’s rights and abilities to contact, communicate with, report matters to, or otherwise participate in any whistleblower program administered by any such agencies. However, to the maximum extent permitted by law, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

d. **Collective/Class Action Waiver**. If any claim is not subject to release, to the extent permitted by law, Employee waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which the Company or any other Releasee identified in this Agreement is a party.

e. **California Civil Code Section 1542**. Employee intends that this release of claims cover all claims described in Section 4(a) above whether or not known to Employee. Employee further recognizes the risk that, subsequent to the execution of this Agreement, Employee may incur loss, damage or injury which Employee attributes to the claims encompassed by this release. Employee also expressly waives and relinquishes, to the fullest extent permitted by law, any and all rights he may have under California Civil Code Section 1542, or the comparable provisions of the laws of any other jurisdiction, which provides as follows:

> “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

f. **Company Release**. The Company, with the intention of binding itself and its predecessors and successors, does hereby waive and release Executive from any and all claims, causes of action, demands, obligations, grievances, suits, losses, debts and expenses (including attorney’s fees and costs), damages and claims in law or in equity related to or arising out of Executive’s employment and Employment Agreement with the Company and the end of that employment, whether known and unknown, asserted or unasserted, which the Company has or may have against Executive as of the date of execution of this Agreement. This release shall not include the following: (1) any act or omission by Executive that is a material violation of any statute, regulation, ordinance or other law, (2) any willful or deliberate misconduct by Executive, and (3) any proceeding as to which a release of claims is not permitted under applicable law.

5. **Acknowledgments and Affirmations.**

Employee affirms that Employee has not filed, caused to be filed, or presently is a party to any claim against any Releasee. Employee also represents and warrants that there has been no assignment or other transfer of any interest in any claim by Employee that is covered by the release set forth in Section 4(a).

Employee also affirms that Employee has been paid and/or has received all compensation, wages, bonuses, commissions, and/or benefits which are due and payable as of the date Employee signs this Agreement. Employee affirms that Employee has been granted any leave to which Employee was entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws.

Employee further affirms that Employee has no known workplace injuries or occupational diseases.

Employee also affirms that Employee has not divulged any proprietary or confidential information of the Company and will continue to maintain the confidentiality of such information consistent with the Company's policies and Employee's agreement(s) with the Company and/or common law.

Employee further affirms that Employee has not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers, including any allegations of corporate fraud.

Employee affirms that all of the Company's decisions regarding Employee's pay and benefits through the date of Employee's execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law.

The Parties have previously entered into an indemnification agreement for the benefit of Executive, effective February 14, 2005 (the "Indemnification Agreement"), a copy of which has previously been provided to Executive. The Company affirms that it will continue to comply with its obligations under the Indemnification Agreement, and acknowledges and agrees that any such indemnification obligations shall cover the Employee's consulting services provided to, or on behalf of, the Company following the Retirement Date. For avoidance of doubt, no provisions of this Agreement shall be construed as a waiver, modification or reduction of Employee's rights to exculpation, insurance, indemnification or any expense reimbursement or advancement as provided under the Indemnification Agreement.

6. **Non-Competition, Non-Solicitation and Non-Disclosure.**

a. The Employee will not, for a period of one (1) year from the Effective Date of this Agreement (the "Restricted Period"), engage in any business activities on behalf of any enterprise in the United States, Canada, and/or the United Kingdom which competes with the Company in the business of: (i) ownership or operation of Health Care Facilities (defined below); (ii) investment in or lending to health care related enterprises (including, without limitation, owners or developers of Health Care Facilities); (iii) management of Health Care Facilities; or (iv) provision of any planning or development services for Health Care Facilities. "Health Care Facilities" means any senior housing facility or facilities used or intended primarily for the delivery of health care services, including, without limitation, any active adult communities, independent living facilities, assisted living facilities, skilled nursing facilities, inpatient rehabilitation facilities, ambulatory surgery centers, medical office buildings, hospitals of any kind, or any similar types of facilities or projects. The Employee will be deemed to be engaged in such competitive business activities if he participates in such a business enterprise as an employee, officer, director, consultant, agent, partner, proprietor, or other participant; provided that the ownership of no more than two percent (2%) of the stock of a publicly traded company engaged in a competitive business shall not be deemed to be engaging in competitive business activities.

Furthermore, it shall not be considered to be a violation of this Section 6(a) if Employee provides services, whether as an employee or consultant, during the Restricted Period to a regional operator of Health Care Facilities that has facilities in three or fewer states (as of the date of this Agreement) , provided that Employee complies with the advance notice requirement in the following paragraph and prior to providing any such services, Employee obtains the Company's written consent, which shall not be unreasonably withheld. If requested by Employee, the Company will consider waiving the restrictions under Section 6(a) to allow Employee to work for an operator other than those specifically described in this paragraph, and any such waiver shall be in the Company's sole discretion. For purposes hereof, an "operator" shall mean an entity whose primary business is managing or operating senior housing and care facilities for its own account.

To assist the Company in its reasonable enforcement of this provision, during the Restrictive Period, Employee will provide the Company with written notice at least five (5) business days prior to accepting any employment or engagement as a consultant or contractor with a third party. Such notice will include, at a minimum, the name and a description of the business of the prospective employer or engaging entity, as well as the proposed title and responsibilities of Employee.

b. Employee shall not, during the Restricted Period, hire, solicit, induce, recruit or encourage any of the Company's employees or consultants to leave their employment or consulting relationship with the Company for other employment or consulting, including employment or consulting that is competitive with the Company.

c. Employee understands and agrees that during the course of his employment with the Company, Employee had access, in a position of trust and as a fiduciary, to proprietary and/or confidential information of the Company. Employee agrees that Employee will not, at any time, disclose, divulge, transfer or provide access to, or use for the benefit of, any third party outside the Company (or any Releasee), any Proprietary Information of the Company without prior authorization of the Company. "Proprietary Information" shall mean any and all information or material of the Company and/or any Releasee which is not generally available to or used by others, or the utility or value of which is not generally known or recognized as standard practice, whether or not the underlying details are in the public domain, including, without limitation: (i) information or material relating to the Company and/or any Releasee and its business as conducted or anticipated to be conducted; target clients, investment criteria, business or strategic plans; operations; past, current or anticipated investments, acquisitions, developments, services, products or software; customers or prospective customers; underwriting, capital or analytical models or protocols; relations with business partners or prospective business partners; or research, development, property management, investment, purchasing, accounting, or marketing activities; (ii) information or material relating to the Company's and/or any of Releasee's properties, facilities, improvements, investments, discoveries, "know-how," energy programs, technological developments, or unpublished writings or other works of authorship, or to the materials, contacts, techniques, processes, plans or methods used in the origination, development, management or marketing of the Company's and/or any Releasee's facilities, properties, investments, services, products or software; (iii) information on or material relating to the Company and/or any Releasee which when received is marked as "proprietary," "private," or "confidential" or which a reasonable person would recognize as proprietary, private or confidential; (iv) trade secrets of the Company and/or any Releasee; (v) information regarding the Company's transactions, transaction structures, relationships, customers and clients; (vi) software of the Company and/or any Releasee in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of the Company and/or any Releasee; and (vii) any similar information of the type described above which the Company and/or any Releasee obtained from another party and which the Company and/or the Releasee treats as or designates as being proprietary, private or confidential, whether or not owned or developed by the Company and/or the Releasee. Notwithstanding the foregoing, "Proprietary Information" does not include any information which is properly published or in the public domain; provided, however, that information which is published by or with the aid of Employee outside the scope of employment or contrary to the requirements of this Agreement will not be considered to have been properly published, and therefore will not be in the public domain for purposes of this Agreement.

d. Employee acknowledges and agrees that the provisions of this paragraph of the Agreement are reasonable and appropriate in all respects, and in the event of any violation by Employee of any such provisions, the Company would suffer irreparable harm and its remedies at law would be inadequate. Accordingly, in the event of any violation or attempted violation of any such provisions by Employee, the Company shall be entitled to a temporary restraining order, temporary and permanent injunctions, specific performance, and other equitable relief. Employee agrees to indemnify and hold the Company harmless from and against any and all loss, cost, damage, or expense, including without limitation, attorneys' fees that arise out of any breach by Employee of this Agreement. All rights and remedies of the Company under this Agreement are cumulative and in addition to all other rights and remedies which may be available to the Company from time to time, under any other agreement, at law, or in equity.

e. The Parties agree that if the scope and enforceability of any covenant contained within this Section 6 is in any way disputed, a court of competent jurisdiction (as described in Section 13, below) may modify and enforce the covenant to the extent that the court determines that the covenant is reasonable under the circumstances existing at that time.

7. **Non-Disparagement.** Employee agrees that he will not make or direct anyone else to make on Employee's behalf any disparaging or untruthful remarks or statements, whether oral or written, about the Company, its strategies, clients, operators and tenants, its operations or its products, services, affiliates, officers, directors, employees, or agents (collectively the "Group" and individually a "Group Member"), or issue any communication that reflects adversely on or encourages any adverse action against the Group or any Group Member. Employee will not make any direct or indirect written or oral statements to the press, television, radio or other media or other external persons or entities concerning any matters pertaining to the business and affairs of the Group or any Group Member. The Company agrees not to cause, and shall direct its officers or senior executives with a title of Senior Vice President or above not to make on its behalf or otherwise, any disparaging or untruthful remarks or adverse statements, whether oral or

written, about Employee or Employee's employment with the Company following the Retirement Date. The restrictions described in this section shall not apply to any truthful statements made in response to a subpoena or other compulsory legal process or to law enforcement or other governmental authorities.

To the extent inquiries regarding the Employee's employment with the Company are directed to Erin Ibele, Executive Vice President – Head of Human Capital and Corporate Secretary, prospective employers will be provided the dates of the Employee's employment, his last salary, his position with the Company and a form of recommendation in a form agreed to by the Parties.

8. **Cooperation after Retirement**. Employee agrees to give prompt written notice to the Company of any claim or injury relating to the Company, and to fully cooperate in good faith and to the best of Employee's ability with the Company in connection with all pending, potential or future claims, investigations or actions that directly or indirectly relate to any transaction, event or activity about which the Employee may have knowledge because of Employee's employment with the Company, as long as such cooperation is scheduled by the Company, to the extent possible, to require only occasional efforts and to not conflict with any future employment. Such cooperation shall include all assistance that the Company, its counsel, or its representatives may reasonably request, including reviewing and interpreting documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness, as long as the Company provides legal representation. The Company agrees to make every reasonable effort to provide Employee with reasonable notice in the event his participation is required and to reimburse Employee for reasonable out-of-pocket costs incurred by Employee as the direct result of his participation, provided that such out-of-pocket costs are supported by appropriate documentation and have prior authorization of the Company.

9. **Return of Property**. Employee affirms that Employee has returned all of the Company's property, documents, and/or any confidential information in Employee's possession or control. Employee also affirms that Employee is in possession of all of Employee's property that Employee had at the Company's premises and that the Company is not in possession of any of Employee's property.

10. **Code Section 409A.** To the extent applicable, it is intended that this Agreement comply with or, as applicable, constitute a short-term deferral or otherwise be exempt from the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Section 409A"). This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). Employee and the Company agree that this termination of employment shall be considered a "separation from service" from the Company within the meaning of Section 409A. If Employee is deemed on the date of separation from service to be a "specified employee" (within the meaning of Treas. Reg. Section 1.409A-l(i)), then with regard to any payment that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment shall not be made prior to the earlier of (a) the expiration of the six (6)-month period measured from the date of separation from service and (b) the date of Employee's death. In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to Employee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A. Any reimbursement or advancement payable to Employee pursuant to this Agreement shall be conditioned on the submission by Employee of all expense reports reasonably required under any applicable expense policy. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar years shall not affect the amount of expenses eligible for reimbursement, on in-kind benefit provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

11. **Consequences of Breach.** Employee acknowledges and agrees that in the event he should breach or violate any provision of this Agreement, including but not limited to the obligations of confidentiality, non-disparagement, non-solicitation and non-competition, Employee shall be subject to legal action for such breach or violation and may be held liable to the Company and/or one or more of the Releasees for contractual and/or other legal or equitable remedies.

12. **Successors and Assigns.** This Agreement will inure to the benefit of successors and assigns of the Company. Notwithstanding anything contained in this Agreement to the contrary, the Company may assign this Agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise. Such assignment includes the assignment of rights and contractual duties. Employee does not have any right to assign Employee's rights or delegate Employee's obligations under this Agreement to anyone.

13. **Governing Law and Interpretation.** This Agreement shall be governed and conformed in accordance with the laws of Ohio without regard to its conflict of laws provisions. In the event of a breach of any provision of this Agreement, either Party may institute an action specifically to enforce any term or terms of this Agreement and/or to seek any damages for breach. Employee agrees that, in connection with any action, suit or other proceeding in connection with, arising out of or relating to this Agreement all disputes shall be exclusively resolved by courts of competent jurisdiction sitting in Lucas County, Ohio, or the United States District

Court for the Northern District of Ohio, as may be appropriate. Employee hereby: (a) submits to the exclusive personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Employee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

14. **Severability.** Should any provision of this Agreement (other than the provisions of Section 6, which shall be governed by the reformation provisions of Section 6(e) be declared illegal or unenforceable by any court of competent jurisdiction and should such provision be unable to be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

15. **Nonadmission of Wrongdoing.** The Parties agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at any time for any purpose as an admission by Releasees of wrongdoing or evidence of any liability or unlawful conduct of any kind.

16. **Amendment**. This Agreement may not be modified, altered or changed except in writing and signed by both Parties wherein specific reference is made to this Agreement.

17. **Miscellaneous**.

a. This Agreement may be signed in counterparts, both of which shall be deemed an original, but both of which, taken together shall constitute the same instrument. A signature made on a faxed or electronically mailed copy of the Agreement or a signature transmitted by facsimile or electronic mail shall have the same effect as the original signature.

b. The section headings used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the interpretation of any of the provisions hereof.

c. If Employee or the Company fails to enforce this Agreement or to insist on performance of any term, that failure does not mean a waiver of that term or of the Agreement. The Agreement remains in full force and effect.

18. **Entire Agreement.** This Agreement sets forth the entire agreement between the Parties hereto, and fully supersedes any prior agreements or understandings between the Parties. Employee acknowledges that Employee has not relied on any representations, promises, or agreements of any kind made to Employee in connection with Employee's decision to accept this Agreement, except for those set forth in this Agreement.

19. **Joint Participation and Negotiation of Agreement.** Each party has had the opportunity to obtain the advice of legal counsel and to review, comment upon, and negotiate this Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Agreement shall be construed in light of the fact that the Parties jointly prepared this Agreement, and any uncertainty or ambiguity shall not be interpreted against any one party and in favor of the other.

20. **EMPLOYEE IS ADVISED THAT HE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO REVIEW AND CONSIDER THIS AGREEMENT. EMPLOYEE ALSO IS ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EMPLOYEE'S SIGNING OF THIS AGREEMENT.**

EMPLOYEE MAY REVOKE THIS AGREEMENT FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY HE SIGNS THIS AGREEMENT. ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO ERIN IBELE, EVP, HEAD OF HUMAN CAPITAL AND CORPORATE SECRETARY, HEALTH CARE REIT, INC. AND STATE, "I, [NAME], HEREBY REVOKE MY ACCEPTANCE OF THE AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE SENT BY CERTIFIED U.S. MAIL TO ERIN IBELE, EVP, HEAD OF HUMAN CAPITAL AND CORPORATE SECRETARY, HEALTH CARE REIT, INC., 4500 DORR STREET, TOLEDO, OHIO 43615-4040, AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER EMPLOYEE SIGNS THIS AGREEMENT.

EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT, DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL UP TO TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

EMPLOYEE, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE

AGAINST RELEASEES AS OF THE DATE OF EXECUTION OF THIS AGREEMENT.

The Parties knowingly and voluntarily sign this Agreement as of the date(s) set forth below:

Health Care REIT, Inc.

By:	/s/ Charles J. Herman, Jr. Charles J. Herman, Jr.	By:	/s/ Thomas J. DeRosa Thomas J. DeRosa Chief Executive Officer

Date: July 1, 2015 Date: July 2, 2015

CONSULTING AGREEMENT

This CONSULTING AGREEMENT (this “Agreement”), is entered into by and between Health Care REIT, Inc., a Delaware corporation (the “Company”), on the one hand, and Charles J. Herman, Jr. (“Consultant”), on the other hand, effective as of July 1, 2015.

RECITALS

WHEREAS, Consultant has been employed by the Company subject to an employment contract dated December 29, 2008;

WHEREAS, the Consultant and the Company have agreed that the Consultant will retire from employment with the Company effective July 1, 2015 (the “Retirement Date”); and

WHEREAS, the Company has determined that it is in its best interests for the Consultant to provide his continued services and expertise to the Company in a consulting capacity following his retirement.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the Company and Consultant desire to enter into this Agreement setting forth the terms and conditions of Consultant’s continued service with the Company following the Retirement Date.

AGREEMENT

1. AGREEMENT FOR SERVICES. Subject to Consultant’s execution of and continued compliance with that certain Executive Retirement Agreement (the “Retirement Agreement”), for a period commencing on the Retirement Date and continuing through December 31, 2015, unless amended or terminated earlier pursuant to the terms hereof (the “Consulting Term”), Consultant agrees to provide consulting and advisory services to the Company as described in Section 4.

2. CONSULTING FEE. During the Consulting Term, Consultant shall receive $25,000 per month (the “Fee”). The Fee shall be paid in a single lump sum on a monthly basis during the Consulting Term; provided, however, that no Fee shall become payable prior to the effectiveness of the Retirement Agreement. The foregoing Fee (to which Consultant would not otherwise be entitled) to be paid during the Consulting Term constitutes additional consideration for Consultant’s execution and delivery of this Agreement and the Retirement Agreement, and the latter becoming effective and irrevocable in accordance with its terms, and is subject to Consultant’s compliance with the covenants and other obligations set forth therein and herein, all of which must be satisfied in full in order for the Fee to be earned.

3. TERMINATION OF CONSULTING TERM. In the event of Consultant’s material breach of this Agreement and/or the Retirement Agreement, the Company may terminate the Consulting Term, and upon termination, the Company shall have no further obligations hereunder. Notwithstanding any provision of this Agreement to the contrary, the Consultant may, upon 15 days prior notice, terminate the Consulting Term and shall thereafter have no further obligations hereunder. Thereafter, the Company shall have no further obligation to pay the Fee.

4. CONSULTING SERVICES. During the Consulting Period, Consultant shall render consulting and advisory services, including working with industry trade associations, as reasonably requested by the Company’s Chief Executive Officer or Chief Operating Officer at mutually convenient times. Consultant’s time rendering those services shall not exceed forty (40) hours per month. Neither party expects that Consultant will provide services to the Company in the future at a level that exceeds the level set forth in this Section 4 and it is the parties' intent that Consultant will have experienced a "separation from service" as defined in Section 409A of the Internal Revenue Code of 1986, as amended, no later than the Retirement Date.

5. INDEPENDENT CONTRACTOR. Consultant shall perform his obligations hereunder as an independent contractor and shall not be deemed an employee of the Company or any of its subsidiaries or affiliates. The Company understands and agrees that that the Company has no right to direct or control the manner in which Consultant performs Consultant’s consulting services hereunder. Accordingly, the Consultant will not be entitled to receive any fringes, perquisites or retirement or welfare benefits from the Company for his services as a Consultant under this Agreement except as expressly provided herein or in the Retirement

Agreement. The Company will not withhold federal or state income, social security, or other taxes from the Fee paid under the terms of this Agreement, unless otherwise required by law. Consultant agrees that Consultant will be fully and solely responsible for any income or other tax liability imposed on Consultant in his capacity as an "independent contractor." It is further understood and agreed that nothing herein shall be deemed to create a partnership, joint venture, employment or agency relationship between Consultant and the Company or any of its subsidiaries or affiliates at any time following the Retirement Date. While performing consulting services under this Agreement, Consultant will have no authority or power to bind the Company or to represent the Company in relation to third parties or to represent to third parties that Consultant has authority or power to bind the Company or to represent the Company.

6. ASSIGNMENT AND TRANSFER. Consultant's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be enforceable by, any purchaser of all or substantially all of the Company's assets, any successor to the Company's business, or any assignee of either of the foregoing.

7. MISCELLANEOUS.

7.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

7.2 Entire Agreement. This Agreement and the Retirement Agreement contain the entire agreement and understanding between the parties hereto and supersede any prior or contemporaneous written or oral agreements between them respecting the subject matter hereof. Notwithstanding any provision of this Agreement to the contrary, the Company acknowledges and agrees that: (i) it has previously entered into that certain indemnification agreement with the Consultant, effective February 14, 2005 (the "Indemnification Agreement"); and (ii) the Company's indemnification obligations under the Indemnification Agreement shall extend to and cover the Consultant's services provided to, or on behalf of, the Company under this Agreement.

7.3 Amendment. This Agreement may be amended only by a writing signed by Consultant and the Chief Executive Officer or the Chief Operating Officer of the Company.

7.4 Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

7.5 Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Consultant.

7.6 Rights Cumulative. The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

7.7 Nonwaiver. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by an executive officer of the Company.

7.8 Notices. Any notice, request, consent or approval required or permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, with postage prepaid, to:

If to the Company:

Health Care REIT, Inc.
4500 Dorr Street
Toledo, OH 43615-4040
Attention: Chief Operating Officer

If to Consultant:

Charles J. Herman, Jr.
2540 Falmouth Road
Ottawa Hills, OH 43615

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective as of the first date set forth above.

THE COMPANY:	**CONSULTANT:**
Health Care REIT, Inc.	
By: /s/ Thomas J. DeRosa	/s/ Charles J. Herman, Jr.
Name: Thomas J. DeRosa	
Title: Chief Executive Officer	Charles J. Herman, Jr.

EXHIBIT 10.3

HEALTH CARE REIT, INC.

2015-2017 LONG-TERM INCENTIVE PROGRAM

1. **Purpose**. This 2015-2017 Long-Term Incentive Program (the "Program") is adopted pursuant to the Amended and Restated Health Care REIT, Inc. 2005 Long-Term Incentive Plan (the "Equity Plan") and any successor equity plan and is intended to provide an incentive for superior work and to motivate executives and employees of Health Care REIT, Inc. (the "Company") toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders and to enable the Company to attract and retain highly qualified executives and employees. The Program is for the benefit of Participants (as defined below).

2. **Definitions**. Capitalized terms used herein without definitions shall have the meanings given to those terms in the Equity Plan. In addition, as used herein:

"All REIT Index" means the MSCI US REIT Index

"Annualized TSR Percentage" means (1*(1 + Cumulative TSR))^(1/3) - 1.

"Average Same-Store Cash NOI Growth" means the average same-store cash net operating income growth for the period January 1, 2015 through September 30, 2018, as calculated in accordance with generally acceptable accounting standards.

"Award" means a grant to a Participant hereunder.

"Award Notice" means the restricted stock unit award agreement with a Participant that sets forth the terms, conditions and limitations of the Participant's participation in this Program, including, without limitation, the Participant's Target Award.

"Cause" for termination of the Participant's employment for purposes of Section 6 means (a) if the Participant is a party to an employment agreement with the Company immediately prior to such termination, and "Cause" is defined therein, then "Cause" shall have the meaning set forth in such employment agreement, or (b) if the Participant is not party to an employment agreement with the Company immediately prior to such termination or the Participant's employment agreement does not define "Cause," then "Cause" shall mean: (i) gross negligence or willful misconduct by the Participant in connection with the performance of his or her material duties as an employee of the Company or any Subsidiary; (ii) a breach by the Participant of any of his or her material duties as an employee of the Company or any Subsidiary and the failure of the Participant to cure such breach within 30 days after written notice thereof by the Company or any Subsidiary; (iii) conduct by the Participant against the material best interests of the Company or any Subsidiary or a material act of statutory or common law fraud against the Company, any Subsidiary or the employees of either the Company or any Subsidiary; or (iv) indictment of the Participant of a felony or a misdemeanor involving moral turpitude and such indictment has a material adverse effect on the interests or reputation of the Company or any Subsidiary.

"Change in Corporate Control" shall have the same meaning as set forth in Section 10.1(a) (but substituting "fifty percent (50%)" for "twenty percent (20%)") and Section 10.1(c) of the Equity Plan.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the Company's common stock, par value $1.00 per share, either currently existing or authorized hereafter.

"Common Stock Price" means, as of a particular date, the average of the Fair Market Value of one share of Common Stock over the 20 consecutive trading days ending on, and including such date (or if such date is not a trading day, the most recent trading day immediately preceding such date); provided that, if such date is the date upon which a Transactional Change of Control occurs, the Common Stock Price as of such date shall be equal to the fair value, as determined by the Committee, of the total consideration paid or payable in the transaction resulting in the Transactional Change of Control for one share of Common Stock.

"Cumulative TSR" means ((1*(1 + TSR Year 1)*(1 + TSR Year 2)*(1 + TSR Year 3)) - 1.

"Disability" for termination of the Participant's employment for purposes of Section 6 means (a) if the Participant is a party to an employment agreement with the Company immediately prior to such termination, and "Disability" is defined therein, then "Disability" shall have the meaning set forth in such employment agreement, or (b) if the Participant is not party to an employment agreement with the Company that defines "Disability," then "Disability" shall have the same meaning as defined in the Equity Plan.

"Dividend Value" means the aggregate amount of dividends and other distributions paid on one Share for which the record date occurred on or after the first day of the Performance Period and prior to the Issuance Date for the Performance Period (excluding dividends and distributions paid in the form of additional Shares).

"Earned Award" means, with respect to a Participant, the actual number of shares of Restricted Stock that were earned by such Participant pursuant to this Program at the end of the Performance Period.

"Equity Plan" means the Amended and Restated Health Care REIT, Inc. 2005 Long-Term Incentive Plan, as amended from time to time.

"Fair Market Value" means, as of any given date, the fair market value of a security which shall be the closing sale price reported for such security on the principal stock exchange or, if applicable, any other national exchange on which the security is traded or admitted to trading on such date on which a sale was reported. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations.

"Fixed Charge Coverage" means the Company's fixed charge coverage, as calculated in accordance with generally acceptable accounting standards and measured as of the last quarter of the Performance Period annualized.

"Good Reason" for termination of the Participant's employment for purposes of Section 6 means (a) if the Participant is a party to an employment agreement with the Company immediately prior to such termination, and "good reason" is defined therein, then "Good Reason" shall have the meaning set forth in such employment agreement, or (b) if the Participant is not party to an employment agreement with the Company immediately prior to such termination and/or the Participant's employment agreement does not define "Good Reason": (i) a substantial adverse change, not consented to by the Participant, in the nature or scope of the Participant's responsibilities, authorities, powers, functions, or duties; (ii) a breach by the Company of any of its material obligations hereunder; or (iii) a material change in the geographic location at which the Participant must perform his or her services. Unless otherwise provided in an employment agreement to which the Participant is a party immediately prior to such termination, to constitute "good reason termination," the Participant must: (1) provide written notice to the Company within 90 days of the initial existence of the event constituting "Good Reason;" (2) may not terminate his or her employment unless the Company fails to remedy the event constituting "Good Reason" within 30 days after such notice has been given; and (3) the Participant must terminate employment with the Company no later than 30 days after the end of the 30-day period in which the Company fails to remedy the event constituting "Good Reason."

"Health Care REIT Index" means the NAREIT Health Care REIT Index comprising of Ventas, Inc, HCP, Inc., Omega Healthcare Investors, Senior Housing Properties Trust, Healthcare Trust of America, Inc., Healthcare Realty Trust, National Health Investors, Medical Properties Trust, America Realty Capital Healthcare Trust, Sabra Health Care REIT, LTC Properties, New Senior Investment Group, Physicians Realty Trust, Universal Health Realty Income and Care Trust REIT, but specifically excluding the Company. Any health care REIT organization that is not in existence for the entire Performance Period shall be omitted from this index.

"Index Return" means, with respect to the Performance Period, the compounded annualized return of the either the Health Care REIT Index, or the All REIT Index, as applicable, over the Performance Period expressed as a percentage. For the avoidance of doubt, the intent of the Committee is that Index Return over the Performance Period be calculated in a manner designed to produce a fair comparison between the Company's Annualized TSR Percentage and the Index Return for the purpose of determining Relative Performance. In the case of the Health Care REIT Index, the Index Return shall be calculated by a non-weighted comparison of all the companies that comprise the Health Care REIT Index as of program commencement.

"Participant" means an executive or employee of the Company or any Subsidiary selected by the Compensation Committee to participate in the Program.

"Performance Peers" means HCP, Inc., Ventas, Inc., Healthcare Trust of America, Inc., Healthcare Realty Trust Incorporated and Sabra Health Care REIT, Inc.

"Performance Period" means the period commencing on January 1, 2015 and concluding on the earlier of (i) December 31, 2017, or (ii) a Change in Corporate Control.

"Program" means this Health Care REIT, Inc. 2015-2017 Long-Term Incentive Program, as amended from time to time.

"Qualified Termination" means termination of a Participant's employment for Good Reason, by reason of the Participant's death, Disability, by the Company without Cause, Retirement and in the case of a Participant who is party to an employment agreement with the Company, a non-renewal by the Company of the term of such agreement.

"Relative Performance" means the Annualized TSR Percentage relative to the applicable Index Return.

"Relative Same-Store Cash NOI Growth" means the differential between the Company's Average Same-Store Cash NOI Growth and the Performance Peer Group's Average Same-Store Cash NOI Growth for the same period.

"Retirement" means the voluntary termination of employment by a Participant after attaining age 55, completing ten consecutive years of service and if the sum of the Participant's age and years of service to the Company is equal to 70 or more; provided that the Participant (a) delivers to the Company, at least six months prior to the date of his or her retirement, written notice specifying such retirement date and the Participant remains in the continuous service of the Company from the date the notice is provided until his or her retirement date, and (b) enters into a retirement agreement with the Company that includes (i) a customary release of claims against the Company and its affiliates and (ii) non-competition, non-solicitation, non-disparagement and non-disclosure covenants in favor of the Company.

"Target Award" means a Participant's target award, expressed in numbers of Restricted Stock Units, for the Performance Period, as set forth in the Participant's Award Notice.

"Total Shareholder Return" or "TSR" means the compounded annual growth rate, expressed as a percentage (rounded to the nearest tenth of a percent (0.1%)), in the value per share of Common Stock during the Performance Period due to the appreciation in the price per share of Common Stock and dividends paid during the Performance Period, assuming dividends are reinvested. Total Shareholder Return or TSR for any 12-month period shall be calculated as follows: (i) the Common Stock Price at the end of the period plus dividends paid during the 12-month period divided by (ii) the Fair Market Value of the Common Stock at the beginning of the period, minus (iii) 1. As set forth in, and pursuant to, Section 8 of this Agreement, appropriate adjustments to the Total Shareholder Return shall be made to take into account all stock dividends, stock splits, reverse stock splits and the other events set forth in Section 8 that occur during the Performance Period.

"Transactional Change of Control" means a Change in Corporate Control resulting from any person or group making a tender offer for Common Stock, a merger or consolidation where the Company is not the acquirer or surviving entity or consisting of a sale, lease, exchange or other transfer to an unrelated party of all or substantially all of the assets of the Company.

"Valuation Date" means the earlier of (a) December 31, 2017, or (b) the date upon which a Change of Control shall occur.

3. **Administration**

(a) The Program shall be administered by the Compensation Committee in accordance with the Equity Plan. The Compensation Committee shall have the discretionary authority to make all determinations (including, without limitation, the interpretation and construction of the Program and the determination of relevant facts) regarding the entitlement to any Award hereunder and the amount of any Award to be paid under the Program (including the number of shares of Restricted Stock issuable to any Participant), provided such determinations are made in good faith and are consistent with the terms, purpose and intent of the Program. In particular, but without limitation and subject to the foregoing, the Compensation Committee shall have the authority:

(i) to select Participants under the Program;

(ii) to determine the Target Award and any formula or criteria for the determination of the Target Award for each Participant and to determine the Earned Award;

(iii) to determine the terms and conditions, consistent with the terms of this Program, which shall govern Award Notices and all other written instruments evidencing an Award hereunder, including the waiver or modification of any such conditions;

(iv) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Program as it shall from time to time deem advisable; and

(v) to interpret the terms and provisions of the Program and any Award granted under the Program (and any Award Notices or other agreements relating thereto) and to otherwise supervise the administration of the Program.

(b) Subject to the terms hereof, all decisions made by the Compensation Committee in good faith pursuant to the Program shall be final, conclusive and binding on all persons, including the Company and the Participants. No member of the Compensation Committee, nor any officer or employee of the Company acting on behalf of the Compensation Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to this Program, and all members of the Compensation Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

4. **Determination of Awards**

(a) Each Participant's Award Notice shall specify such Participant's Target Award.

(b) The percentage of a Participant's Target Award that may be earned for the Performance Period shall be determined as follows: 35 percent of the Target Award shall be earned based on the Company's Relative Performance to the Health Care REIT Index; 15 percent of the Target Award shall be earned based on the Company's Relative Performance to the All REIT Index; 15 percent of the Target Award shall be earned based on the Company's Annualized TSR Percentage; 20 percent of the Target Award shall be earned based on the Company's Fixed Charge Coverage; and 15 percent of the Target Award shall be earned based on the Company's Relative Same-Store Cash NOI Growth; and as further set forth on Exhibit A.

(c) Depending on the weighted average score for the Company's performance during the Performance Period as determined pursuant to Exhibit A, the percentage of a Participant's Target Award that may be earned for the Performance Period shall be determined as follows:

Threshold	**Target**	**High**	**Extraordinary**
50%	100%	125%	150%

For performance between two different tiers, the percentage payable shall be calculated using interpolation between tiers.

Except as otherwise provided herein, the Earned Award shall be settled in shares of Restricted Stock subject to additional vesting requirements as set forth in Section 7.

5. **Change in Corporate Control**. In the event that prior to the end of the Performance Period, a Change in Corporate Control occurs, then each outstanding Award will be deemed earned as of the date of such Change in Corporate Control in accordance with the computation described in Section 4(b) as if the Performance Period ended on the day prior to the consummation of the Change in Corporate Control except that corporate metrics not tied to TSR shall be calculated based on the results through the most recent quarter, but each Award shall further be multiplied by a fraction, the numerator of which shall be the number of full and partial

months from the beginning of the Performance Period through the Change in Corporate Control and the denominator of which shall be 36. Any shares of Common Stock issued to satisfy outstanding Earned Awards shall be fully vested and nonforfeitable.

6. **Termination of Participant's Employment.**

(a) If a Participant's employment with the Company terminates, the provision of this Section 6 shall govern the treatment of the Participant's Award exclusively, regardless of the provision of any employment, change in control or other agreement or arrangement to which the Participant is a party, or any termination or severance policies of the Company then in effect, which shall be superseded by this Program.

(b) In the event of termination of a Participant's employment by reason of a Qualified Termination prior to the end of the Performance Period, then the Compensation Committee shall determine the Participant's outstanding Award in accordance with the computation described in Section 4(b) as if the Performance Period ended on the calendar quarter end immediately preceding the date of the Participant's Qualified Termination; provided, however, that the Earned Award of such terminated Participant for the Performance Period shall be multiplied by a fraction, the numerator of which shall be the number of full and partial months in which the Participant was employed by the Company in the Performance Period and the denominator of which shall be 36. The pro-rated Earned Award shall be paid out in shares of Common Stock that are not subject to any risk of forfeiture. Such terminated Participant shall also receive a cash payment in an amount determined pursuant to the provisions of Section 7(b) but taken into account only dividends paid through the date of the Qualified Termination.

(c) In the event of termination of a Participant's employment by reason of a Qualified Termination after the end of the Performance Period, any Restricted Stock granted to the Participant under this Program shall become fully vested and nonforfeitable.

(d) In the event of a termination of a Participant's employment for any reason other than a Qualified Termination prior to the end of the Performance Period, except as otherwise set forth in the Participant's Award Notice, the Award held by the Participant for the Performance Period shall, without payment of any consideration by the Company, automatically and without notice terminate, be forfeited and be and become null and void, and neither the Participant nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such Award. In the event of a termination of a Participant's employment for any reason other than a Qualified Termination after the end of the Performance Period, any shares of Restricted Stock granted under Section 7 that remain subject to risk of forfeiture shall be forfeited.

7. **Payment of Awards.**

(a) As soon as practicable following the end of the Performance Period, the Compensation Committee shall determine the size of each Participant's Earned Award, if any, with respect to the Performance Period (with the date of such determination being referred to as the "Issuance Date"). In no event shall the Issuance Date with respect to the Performance Period be later than 74 days after the end of the Performance Period; provided that (i) in the case of the Performance Period that ends upon a Change in Corporate Control, the Issuance Date shall be no later than immediately prior to the consummation of the Change in Corporate Control, and (ii) in the case of a determination required by Section 6(b), the Issuance Date shall be no later than 74 days after the date of the Participant's Qualified Termination.

(b) On the Issuance Date, the Company shall issue to each Participant (or such Participant's estate or beneficiary, if applicable) a number of shares of Restricted Stock equal to the Earned Award. Except as otherwise provided in Sections 5 and 6, one-third of such shares shall be immediately vested and nonforfeitable, one-third of such shares shall become fully vested and nonforfeitable on December 31, 2018, and one-third of such shares shall become fully vested and nonforfeitable on December 31, 2019, subject to continued employment of the Participant through each such date. On the Issuance Date for the Performance Period, the Company shall also pay in cash to each Participant (or such Participant's estate or beneficiary, if applicable) an amount equal to the Dividend Value for the Performance Period multiplied by the number of shares issued pursuant to this Section 7(b).

8. **Adjustments**. Without duplication with the provisions of Section 3 of the Equity Plan, if (i) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of Shares, sale of all or substantially all of the assets or Shares of the Company or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, or other similar change in the capital structure of the Company, or any distribution to holders of Shares other than ordinary cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Compensation Committee necessitates action by way of adjusting the terms of the Program, then and in that event, the

Compensation Committee shall take such action as shall be necessary to maintain the Participants' rights hereunder so that they are substantially the same rights existing under this Program prior to such event.

9. **Restrictions and Conditions**. Subject to the provisions of the Equity Plan and this Program, except as may otherwise be permitted by the Compensation Committee, a Participant shall not be permitted voluntarily or involuntarily to sell, assign, transfer, or otherwise encumber or dispose of the Restricted Stock or an Award; provided that the foregoing restriction shall not apply to Shares actually issued to a Participant pursuant to Section 7 above that are no longer subject to a risk of forfeiture.

10. **Withholding of Tax**. Each Participant shall, not later than the date as of which vesting or payment in respect of an Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Company for payment of any Federal, state and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required minimum tax withholding obligation to be satisfied by withholding a number of Shares to be issued to a Participant with an aggregate Fair Market Value that would satisfy the withholding amount due. The Company's obligation to deliver stock certificates (or evidence of book entry) to any Participant is subject to and conditioned on tax withholding obligations being satisfied by such Participant.

11. **Miscellaneous**.

(a) Amendment and Termination. The Company reserves the right to amend or terminate the Program at any time in its discretion without the consent of any Participant, but no such amendment shall adversely affect the rights of the Participants with regard to outstanding Awards.

(b) No Contract for Continuing Services. This Program shall not be construed as creating any contract for continued services between the Company or any of its Subsidiaries and any Participant and nothing herein contained shall give any Participant the right to be retained as an employee or consultant of the Company or any of its Subsidiaries.

(c) Governing Law. The Program and each Award Notice awarded under the Program shall be construed in accordance with and governed the laws of the State of Ohio, without regard to principles of conflict of laws of such state.

(d) Construction. Wherever appropriate, the use of the masculine gender shall be extended to include the feminine and/or neuter or vice versa; and the singular form of words shall be extended to include the plural; and the plural shall be restricted to mean the singular.

(e) Headings. The Section headings and Section numbers are included solely for ease of reference. If there is any conflict between such headings or numbers and the text of this Program, the text shall control.

(f) Effect on Other Plans. Nothing in this Program shall be construed to limit the rights of Participants under the Company's or its Subsidiaries' benefit plans, programs or policies.

(g) Clawback Policy. All Awards granted under this Program shall be subject to forfeiture (as determined by the Compensation Committee) in accordance with the terms of the Company's clawback or recoupment policy (as in effect from time to time).

EXHIBIT 10.4

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), made this ______ day of _____________, 2015, between Health Care REIT, Inc., a Delaware corporation (the "Corporation"), and ___________________ (the "Participant").

WITNESSETH:

WHEREAS, the Participant is an employee and executive officer of the Corporation; and

WHEREAS, the Corporation adopted the Amended and Restated Health Care REIT, Inc. 2005 Long-Term Incentive Plan (the "Plan") and the 2015-2017 Long-Term Incentive Plan (the "LTIP") in order to provide select officers and key employees with incentives to achieve long-term corporate objectives; and

WHEREAS, the Compensation Committee of the Corporation's Board of Directors has determined that the Participant should be granted a performance restricted stock unit award payable in shares of the Corporation's common stock, $1.00 par value per share ("Common Stock"), on the terms and conditions set forth below and in accordance with the terms of the LTIP.

NOW, THEREFORE, in consideration of the past and future services provided to the Corporation by the Participant and the various covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Grant of Target Award.**

The Corporation hereby grants to the Participant ________ performance restricted stock units (the "Target Award") on ______________, 2015, payable in shares of Restricted Stock, subject to satisfaction of the restrictions, vesting conditions and other terms set forth in this Agreement. The Participant shall not be required to provide the Corporation with any payment (other than his or her past and future services to the Corporation) in exchange for the Target Award or in exchange for the issuance of shares of Restricted Stock upon the determination of the Earned Award.

2. **Deferred Delivery of Shares.**

The Participant shall not be entitled to the issuance of shares of Restricted Stock or to receive any distributions with respect to the Target Award until the determination of the Earned Award as provided in the LTIP and in Section 3 or 6 below. Further, the Participant shall not have any of the rights and privileges of a stockholder of the Corporation (including voting rights and the right to receive dividends) until the shares of Restricted Stock are issued to the Participant.

3. **Earned Award and Vesting.**

At the end of the Performance Period, the Compensation Committee shall determine the percentage of the Participant's Target Award earned pursuant to the provisions of Section 4 of the LTIP (the "Earned Award").

The Participant's Target Award may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by the Participant, and the underlying shares of Common Stock potentially issuable to the Participant under this Agreement may not be sold, transferred, assigned, pledged or otherwise encumbered by the Participant until such shares are so issued and cease to be subject to a risk of forfeiture. Any attempt to dispose of the Participant's Target Award or shares issued thereunder in a manner contrary to the restrictions set forth in this Agreement shall be ineffective.

4. **Issuance of Shares.**

On the Issuance Date, the Corporation shall issue to the Participant (or such Participant's estate or beneficiary, if applicable) a number of shares of Restricted Stock equal to the Earned Award. Except as otherwise provided in Section 6 of the LTIP, one-third of such shares shall be immediately vested and nonforfeitable, one-third of such shares shall become fully vested and nonforfeitable on December 31, 2018, and one-third of such shares shall become fully vested and nonforfeitable on December 31, 2019, subject to continued employment of the Participant through each such date. On the Issuance Date for the Performance Period, the Corporation shall also pay in cash to the Participant (or such Participant's estate or beneficiary, if applicable) an amount equal to the Dividend Value for the Performance Period multiplied by the number of shares issued pursuant to this Section 4.

5. **Tax Withholding.**

The Participant shall, not later than the date as of which vesting or payment in respect of the Award becomes a taxable event for Federal income tax purposes, pay to the Corporation or make arrangements satisfactory to the Corporation for payment of any Federal, state and local taxes required by law to be withheld on account of such taxable event. The Corporation shall have the authority to cause the required minimum tax withholding obligation to be satisfied by withholding a number of Shares to be issued to a Participant with an aggregate Fair Market Value that would satisfy the withholding amount due. The Corporation's obligation to deliver stock certificates (or evidence of book entry) to any Participant is subject to and conditioned on tax withholding obligations being satisfied by such Participant.

6. **Termination of Employment.**

If the Participant's employment with the Corporation is involuntarily terminated for "Cause" during the term of this Agreement, or if the Participant voluntarily terminates his or her employment with the Corporation without "Good Reason," then the Participant's Target Award or shares of Restricted Stock which have not previously become vested as of the termination date shall be forfeited.

In the event of termination of the Participant's employment by reason of a Qualified Termination prior to the end of the Performance Period, then the Compensation Committee shall determine the Participant's outstanding Award in accordance with the computation described in Section 4(b) of the LTIP as if the Performance Period ended on the calendar quarter end immediately preceding the date of the Participant's Qualified Termination; provided, however, that the Earned Award of such terminated Participant for the Performance Period shall be multiplied by a fraction, the numerator of which shall be the number of full and partial months in which the Participant was employed by the Corporation in the Performance Period and the denominator of which shall be 36. The pro-rated Earned Award shall be paid out in shares of Common Stock that are not subject to any risk of forfeiture. Such terminated Participant shall also receive a cash payment in an amount determined pursuant to the provisions of Section 7(b) of the LTIP but taken into account only dividends paid through the date of the Qualified Termination.

In the event of termination of the Participant's employment by reason of a Qualified Termination after the end of the Performance Period, any Restricted Stock granted to the Participant under this Program shall become fully vested and nonforfeitable.

7. **Definitions**.

Capitalized terms used herein without definitions shall have the meanings given to those terms in the LTIP.

8. **Securities Laws.**

The Corporation may from time to time impose such conditions on the vesting of the Target Award, and/or the issuance of shares of Common Stock upon vesting of the Target Award, as it deems reasonably necessary to ensure that any grant of the Target Award and issuance of shares under this Agreement will satisfy the applicable requirements of federal and state securities laws. Such conditions may include, without limitation, the partial or complete suspension of the right to receive shares of Common Stock upon the vesting of the Target Award until the Common Stock has been registered under the Securities Act of 1933, as amended. In all events, if the issuance of any shares of Common Stock is delayed by application of this Section 8, such issuance shall occur on the earliest date on which it would not violate applicable law.

9. **Grant Not to Affect Employment.**

Neither this Agreement nor the Target Award granted hereunder shall confer upon the Participant any right to continued employment with the Corporation. This Agreement shall not in any way modify or restrict any rights the Corporation may have to terminate such employment under the terms of the Participant's Employment Agreement with the Corporation.

10. **Adjustments to Target Award.**

In the event of any change or changes in the outstanding Common Stock by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or any similar transaction, the Target Award granted to the Participant under this Agreement shall be adjusted by the Compensation Committee pursuant to Section 11.2 of the Plan in such manner as the Compensation Committee deems appropriate to prevent substantial dilution or enlargement of the rights granted to the Participant.

11. **Miscellaneous**.

(a) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(b) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(c) The provisions of the Plan are hereby made a part of this Agreement. In the event of any conflict between the provisions of this Agreement and those of the Plan, the provisions of this Agreement shall control.

(d) The Target Award granted under this Agreement are intended to be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), under the exemption for "short-term deferrals" under Treasury Regulation Section 1.409A-1(b)(4), and shall be interpreted in a manner consistent with the requirements for such exemption. To the extent that changes are necessary to ensure that the Target Award and the related dividend equivalent rights comply with any additional requirements for such exemption imposed by future IRS guidance on the application of Section 409A of the Code, the Participant and the Corporation agree to cooperate and work together in good faith to timely amend this Agreement so that the Target Award and dividend equivalent rights will not be treated as deferred compensation subject to the requirements of Section 409A of the Code.

(e) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Ohio, without giving effect to principles of conflicts of law; provided, however, that matters of corporate law, including the issuance of shares of Common Stock, shall be governed by the Delaware General Corporation Law.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

ATTEST:	**HEALTH CARE REIT, INC.**
______________________________	By: ______________________________
Executive Vice President, Head of Human Capital and Corporate Secretary	Title
______________________________	______________________________

EXHIBIT 12

STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS (UNAUDITED)

	Year Ended December 31,					Six Months Ended June 30,	
(dollars in thousands)	2010	2011	2012	2013	2014	2014	2015
Earnings:							
Pretax income from continuing operations before adjustment for income or loss from equity investees[1]	$ 32,976	$ 112,203	$ 185,912	$ 102,245	$ 384,213	$ 160,154	$ 315,637
Fixed charges	134,905	290,240	359,947	460,918	485,762	243,223	248,470
Capitalized interest	(20,792)	(13,164)	(9,777)	(6,700)	(7,150)	(3,305)	(4,446)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,945	13,905	11,395	4,142	2,427	1,980	(4,082)
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	(357)	4,894	2,415	6,770	(147)	1,502	(3,804)
Earnings	$ 160,677	$ 408,078	$ 549,892	$ 567,375	$ 865,105	$ 403,554	$ 551,775
Fixed charges:							
Interest expense[1]	$ 128,058	$ 290,981	$ 361,565	$ 458,360	$ 481,039	$ 241,898	$ 239,942
Capitalized interest	20,792	13,164	9,777	6,700	7,150	3,305	4,446
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,945)	(13,905)	(11,395)	(4,142)	(2,427)	(1,980)	4,082
Fixed charges	$ 134,905	$ 290,240	$ 359,947	$ 460,918	$ 485,762	$ 243,223	$ 248,470
Consolidated ratio of earnings to fixed charges	1.19	1.41	1.53	1.23	1.78	1.66	2.22
Earnings:							
Pretax income from continuing operations before adjustment for income or loss from equity investees[1]	$ 32,976	$ 112,203	$ 185,912	$ 102,245	$ 384,213	$ 160,154	$ 315,637
Fixed charges	134,905	290,240	359,947	460,918	485,762	243,223	248,470
Capitalized interest	(20,792)	(13,164)	(9,777)	(6,700)	(7,150)	(3,305)	(4,446)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,945	13,905	11,395	4,142	2,427	1,980	(4,082)
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	(357)	4,894	2,415	6,770	(147)	1,502	(3,804)
Earnings	$ 160,677	$ 408,078	$ 549,892	$ 567,375	$ 865,105	$ 403,554	$ 551,775
Fixed charges:							
Interest expense[1]	$ 128,058	$ 290,981	$ 361,565	$ 458,360	$ 481,039	$ 241,898	$ 239,942
Capitalized interest	20,792	13,164	9,777	6,700	7,150	3,305	4,446
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,945)	(13,905)	(11,395)	(4,142)	(2,427)	(1,980)	4,082
Fixed charges	134,905	290,240	359,947	460,918	485,762	243,223	248,470
Preferred stock dividends	21,645	60,502	69,129	66,336	65,408	32,705	32,703
Combined fixed charges and preferred stock dividends	$ 156,550	$ 350,742	$ 429,076	$ 527,254	$ 551,170	$ 275,928	$ 281,173
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends	1.03	1.16	1.28	1.08	1.57	1.46	1.96

(1) We have reclassified the income and expenses attributable to the properties sold prior to or held for sale at January 1, 2014 to discontinued operations.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, **Thomas J. DeRosa**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Health Care REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2015

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, **Scott A. Estes**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Health Care REIT, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2015

/s/ SCOTT A. ESTES

Scott A. Estes,
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Thomas J. DeRosa, the Chief Executive Officer of Health Care REIT, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended June 30, 2015 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS J. DEROSA
Thomas J. DeRosa,

Chief Executive Officer
Date: August 4, 2015

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Scott A. Estes, the Chief Financial Officer of Health Care REIT, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that (i) the Quarterly Report on Form 10-Q for the Company for the quarter ended June 30, 2015 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SCOTT A. ESTES
Scott A. Estes,

Chief Financial Officer
Date: August 4, 2015

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.