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 September 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

WELLTOWER 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)

Health Care REIT, Inc.
(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 October 23, 2015, the registrant had 353,879,510 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

CONSOLIDATED BALANCE SHEETS
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	September 30, 2015 (Unaudited)	December 31, 2014 (Note)
Assets:		
Real estate investments:		
Real property owned:		
Land and land improvements	$ 2,241,210	$ 2,046,541
Buildings and improvements	24,273,654	21,799,313
Acquired lease intangibles	1,208,510	1,135,936
Real property held for sale, net of accumulated depreciation	229,038	323,818
Construction in progress	197,639	186,327
Gross real property owned	28,150,051	25,491,935
Less accumulated depreciation and amortization	(3,553,171)	(3,020,908)
Net real property owned	24,596,880	22,471,027
Real estate loans receivable	752,912	380,169
Net real estate investments	25,349,792	22,851,196
Other assets:		
Investments in unconsolidated entities	558,354	744,151
Goodwill	68,321	68,321
Deferred loan expenses	64,190	69,282
Cash and cash equivalents	292,042	473,726
Restricted cash	74,758	79,697
Straight-line rent receivable	366,545	279,806
Receivables and other assets	682,364	448,117
Total other assets	2,106,574	2,163,100
Total assets	$ 27,456,366	$ 25,014,296
Liabilities and equity		
Liabilities:		
Borrowings under primary unsecured credit facility	$ 490,000	$ -
Senior unsecured notes	7,926,757	7,766,251
Secured debt	2,975,639	2,977,713
Capital lease obligations	75,379	84,049
Accrued expenses and other liabilities	686,651	626,825
Total liabilities	12,154,426	11,454,838
Redeemable noncontrolling interests	164,765	86,409
Equity:		
Preferred stock	1,006,250	1,006,250
Common stock	353,023	328,835
Capital in excess of par value	16,381,569	14,740,712
Treasury stock	(44,336)	(35,241)
Cumulative net income	3,576,490	2,842,022
Cumulative dividends	(6,537,541)	(5,635,923)
Accumulated other comprehensive income (loss)	(94,359)	(77,009)
Other equity	3,997	5,507
Total Welltower Inc. stockholders' equity	14,645,093	13,175,153
Noncontrolling interests	492,082	297,896
Total equity	15,137,175	13,473,049
Total liabilities and equity	$ 27,456,366	$ 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)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rental income	$ 409,290	$ 354,148	$ 1,185,502	$ 1,038,451
Resident fees and services	545,255	482,412	1,573,318	1,406,316
Interest income	22,380	9,344	59,950	26,871
Other income	2,072	1,619	11,572	4,139
Total revenues	978,997	847,523	2,830,342	2,475,777
Expenses:				
Interest expense	121,130	118,435	361,071	360,334
Property operating expenses	408,703	355,157	1,183,519	1,040,342
Depreciation and amortization	205,799	200,970	603,431	648,737
General and administrative	36,950	30,803	110,562	115,327
Transaction costs	9,333	13,554	70,379	21,546
Loss (gain) on derivatives, net	-	49	(58,427)	400
Loss (gain) on extinguishment of debt, net	584	2,692	34,872	3,075
Impairment of assets	-	-	2,220	-
Other expenses	-	10,262	10,583	10,262
Total expenses	782,499	731,922	2,318,210	2,200,023
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	196,498	115,601	512,132	275,754
Income tax (expense) benefit	3,344	10,198	(3,769)	6,369
Income (loss) from unconsolidated entities	(2,631)	(2,632)	(18,231)	(19,705)
Income (loss) from continuing operations	197,211	123,167	490,132	262,418
Discontinued operations:				
Gain (loss) on sales of discontinued properties, net	-	-	-	6,411
Income (loss) from discontinued operations, net	-	-	-	724
Discontinued operations, net	-	-	-	7,135
Gain (loss) on real estate dispositions, net	2,046	29,604	249,002	36,272
Net income	199,257	152,771	739,134	305,825
Less: Preferred stock dividends	16,352	16,352	49,055	49,057
Less: Net income (loss) attributable to noncontrolling interests[1]	862	164	4,666	(1,339)
Net income (loss) attributable to common stockholders	$ 182,043	$ 136,255	$ 685,413	$ 258,107
Average number of common shares outstanding:				
Basic	351,765	311,117	346,425	299,137
Diluted	353,107	312,812	347,547	300,645
Earnings per share:				
Basic:				
Income (loss) from continuing operations attributable to common stockholders, including real estate dispositions	$ 0.52	$ 0.44	$ 1.98	$ 0.84
Discontinued operations, net	-	-	-	0.02
Net income (loss) attributable to common stockholders*	$ 0.52	$ 0.44	$ 1.98	$ 0.86
Diluted:				
Income (loss) from continuing operations attributable to common stockholders, including real estate dispositions	$ 0.52	$ 0.44	$ 1.97	$ 0.83
Discontinued operations, net	-	-	-	0.02
Net income (loss) attributable to common stockholders*	$ 0.52	$ 0.44	$ 1.97	$ 0.86
Dividends declared and paid per common share	$ 0.825	$ 0.795	$ 2.475	$ 2.385

* 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)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 199,257	$ 152,771	$ 739,134	$ 305,825
Other comprehensive income (loss):				
Unrecognized gain (loss) on equity investments	(3,086)	-	(18,186)	389
Change in net unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses) on cash flow hedges	462	455	(1,235)	1,327
Foreign currency translation gain (loss)	(25,198)	(42,664)	(22,011)	(39,444)
Total other comprehensive income (loss)	(27,822)	(42,209)	(41,432)	(37,728)
Total comprehensive income (loss)	171,435	110,562	697,702	268,097
Less: Total comprehensive income (loss) attributable to noncontrolling interests(1)	(14,271)	(7,984)	(19,416)	(10,894)
Total comprehensive income (loss) attributable to common stockholders	$ 185,706	$ 118,546	$ 717,118	$ 278,991

(1) Includes amounts attributable to redeemable noncontrolling interests.

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Nine Months Ended September 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)					734,468				4,476	738,944
Other comprehensive income							(17,350)		(24,082)	(41,432)
Total comprehensive income										697,512
Net change in noncontrolling interests			(4,778)						213,792	209,014
Amounts related to issuance of common stock from dividend reinvestment and stock incentive plans, net of forfeitures		3,308	236,718	(9,095)				(2,097)		228,834
Proceeds from issuance of common stock		19,550	1,403,486							1,423,036
Equity component of convertible debt		1,330	5,431							6,761
Option compensation expense								587		587
Cash dividends paid:										
Common stock cash dividends						(852,563)				(852,563)
Preferred stock cash dividends						(49,055)				(49,055)
Balances at end of period	$ 1,006,250	$ 353,023	$ 16,381,569	$ (44,336)	$ 3,576,490	$ (6,537,541)	$ (94,359)	$ 3,997	$ 492,082	$ 15,137,175

	Nine Months Ended September 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)					307,164				(1,318)	305,846
Other comprehensive income							(28,173)		(9,555)	(37,728)
Total comprehensive income										268,118
Net change in noncontrolling interests			(7,818)						(21,062)	(28,880)
Amounts related to issuance of common stock from dividend reinvestment and stock incentive plans, net of forfeitures		3,614	212,718	(13,978)				(486)		201,868
Proceeds from issuance of common stock		33,925	2,030,476							2,064,401
Equity component of convertible debt		200	675							875
Conversion of preferred stock	(11,111)	233	10,878							-
Option compensation expense								689		689
Cash dividends paid:										
Common stock cash dividends						(708,923)				(708,923)
Preferred stock cash dividends						(49,057)				(49,057)
Balances at end of period	$ 1,006,250	$ 327,433	$ 14,665,449	$ (35,241)	$ 2,637,033	$ (5,358,834)	$ (52,704)	$ 6,223	$ 309,813	$ 13,505,422

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
WELLTOWER INC. AND SUBSIDIARIES
(In thousands)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating activities:		
Net income	$ 739,134	$ 305,825
Adjustments to reconcile net income to		
net cash provided from (used in) operating activities:		
Depreciation and amortization	603,431	648,737
Other amortization expenses	3,867	5,626
Impairment of assets	2,220	-
Stock-based compensation expense	25,655	26,108
Loss (gain) on derivatives, net	(58,427)	400
Loss (gain) on extinguishment of debt, net	34,872	3,075
Loss (income) from unconsolidated entities	18,231	19,705
Rental income in excess of cash received	(86,739)	(51,017)
Amortization related to above (below) market leases, net	2,863	503
Loss (gain) on sales of properties, net	(249,002)	(42,683)
Distributions by unconsolidated entities	435	8,883
Increase (decrease) in accrued expenses and other liabilities	42,759	(19,259)
Decrease (increase) in receivables and other assets	(42,975)	(51,734)
Net cash provided from (used in) operating activities	1,036,324	854,169
Investing activities:		
Cash disbursed for acquisitions	(2,489,345)	(991,315)
Cash disbursed for capital improvements to existing properties	(122,640)	(86,324)
Cash disbursed for construction in progress	(165,311)	(140,829)
Capitalized interest	(6,311)	(5,084)
Investment in real estate loans receivable	(445,985)	(79,264)
Other investments, net of payments	(129,311)	(39,202)
Principal collected on real estate loans receivable	71,111	46,268
Contributions to unconsolidated entities	(139,295)	(246,794)
Distributions by unconsolidated entities	139,557	38,261
Proceeds from (payments on) derivatives	103,615	-
Decrease (increase) in restricted cash	10,512	(45,346)
Proceeds from sales of real property	667,761	442,733
Net cash provided from (used in) investing activities	(2,505,642)	(1,106,896)
Financing activities:		
Net increase (decrease) under unsecured credit facilities	490,000	(130,000)
Proceeds from issuance of senior unsecured notes	743,407	-
Payments to extinguish senior unsecured notes	(534,546)	(47,591)
Net proceeds from the issuance of secured debt	222,612	98,100
Payments on secured debt	(469,455)	(286,162)
Net proceeds from the issuance of common stock	1,641,981	2,260,908
Decrease (increase) in deferred loan expenses	(7,834)	(17,429)
Contributions by noncontrolling interests(1)	163,105	5,572
Distributions to noncontrolling interests(1)	(27,439)	(30,909)
Acquisitions of noncontrolling interests	(3,154)	(1,175)
Cash distributions to stockholders	(901,618)	(757,980)
Other financing activities	(27,114)	(844)
Net cash provided from (used in) financing activities	1,289,945	1,092,490
Effect of foreign currency translation on cash and cash equivalents	(2,311)	135
Increase (decrease) in cash and cash equivalents	(181,684)	839,898
Cash and cash equivalents at beginning of period	473,726	158,780
Cash and cash equivalents at end of period	$ 292,042	$ 998,678
Supplemental cash flow information:		
Interest paid	$ 334,511	$ 365,738
Income taxes paid	11,489	16,672

(1) Includes amounts attributable to redeemable noncontrolling interests.

See notes to unaudited consolidated financial statements

1. Business

Welltower Inc. (formerly Health Care REIT, Inc.), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate and infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower™, a real estate investment trust (REIT), owns 1,414 properties in major, high-growth markets in the United States, Canada and the United Kingdom, consisting of seniors housing and post-acute communities and outpatient medical properties. 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 nine months ended September 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

(In thousands)	Nine Months Ended September 30, 2015(1)	September 30, 2014
Land and land improvements	$ 111,674	$ 36,427
Buildings and improvements	1,025,232	303,273
Acquired lease intangibles	3,888	-
Restricted cash	6	-
Receivables and other assets	60	-
Total assets acquired	1,140,860	339,700
Accrued expenses and other liabilities	(2,447)	-
Total liabilities assumed	(2,447)	-
Non-cash acquisition related activity	(2,780)	(1,937)
Cash disbursed for acquisitions	1,135,633	337,763
Construction in progress additions	96,403	79,668
Less: Capitalized interest	(4,453)	(3,258)
Foreign currency translation	73	116
Cash disbursed for construction in progress	92,023	76,526
Capital improvements to existing properties	35,042	14,375
Total cash invested in real property, net of cash acquired	$ 1,262,698	$ 428,664

(1) Includes acquisitions with an aggregate purchase price of $844,298,000 for which the allocation of the purchase price consideration is preliminary and subject to change.

Seniors Housing Operating Activity

(In thousands)	Nine Months Ended September 30, 2015(1)	September 30, 2014
Land and land improvements	$ 98,444	$ 40,764
Building and improvements	1,229,017	224,936
Acquired lease intangibles	74,091	10,021
Construction in progress	-	27,957
Restricted cash	5,567	-
Receivables and other assets	23,928	5,679
Total assets acquired(2)	1,431,047	309,357
Secured debt	(234,597)	(12,846)
Accrued expenses and other liabilities	(19,016)	(17,011)
Total liabilities assumed	(253,613)	(29,857)
Noncontrolling interests	(86,842)	-
Cash disbursed for acquisitions	1,090,592	279,500
Construction in progress additions	39,493	6,984
Less: Capitalized interest	(1,116)	(293)
Foreign currency translation	(1,345)	(810)
Cash disbursed for construction in progress	37,032	5,881
Capital improvements to existing properties	61,911	52,177
Total cash invested in real property, net of cash acquired	$ 1,189,535	$ 337,558

(1) Includes acquisitions with an aggregate purchase price of $1,268,031,000 for which the allocation of the purchase price consideration is preliminary and subject to change.
(2) Excludes $3,390,000 and $8,476,000 of cash acquired during the nine months ended September 30, 2015 and 2014, respectively.

Outpatient Medical Activity

	Nine Months Ended	
(In thousands)	September 30, 2015 (1)	September 30, 2014
Land and land improvements	$ 737	$ 29,588
Buildings and improvements	426,288	471,410
Acquired lease intangibles	19,373	17,440
Receivables and other assets	-	1,245
Total assets acquired(2)	446,398	519,683
Secured debt	(112,000)	(50,500)
Accrued expenses and other liabilities	(2,743)	(9,308)
Total liabilities assumed	(114,743)	(59,808)
Noncontrolling interests	(68,535)	(39,987)
Non-cash acquisition activity(3)	-	(45,836)
Cash disbursed for acquisitions	263,120	374,052
Construction in progress additions	38,919	71,245
Less: Capitalized interest	(742)	(1,533)
Accruals(4)	(1,921)	(11,290)
Cash disbursed for construction in progress	36,256	58,422
Capital improvements to existing properties	25,687	19,772
Total cash invested in real property	$ 325,063	$ 452,246

(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 nine months ended September 30, 2015 and 2014, respectively.

(3) Relates to an acquisition of assets previously financed as real estate loans. Please refer to Note 6 for additional information.

(4) 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):

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Development projects:		
Triple-net	$ 85,902	$ 71,569
Seniors housing operating	19,869	-
Outpatient medical	16,592	56,807
Total development projects	122,363	128,376
Expansion projects	38,808	17,586
Total construction in progress conversions	$ 161,171	$ 145,962

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):

	September 30, 2015	December 31, 2014
Assets:		
In place lease intangibles	$ 1,042,770	$ 988,290
Above market tenant leases	82,083	65,684
Below market ground leases	61,159	62,426
Lease commissions	22,498	19,536
Gross historical cost	1,208,510	1,135,936
Accumulated amortization	(836,684)	(776,501)
Net book value	$ 371,826	$ 359,435
Weighted-average amortization period in years	17.2	17.7
Liabilities:		
Below market tenant leases	$ 89,891	$ 91,168
Above market ground leases	7,860	7,859
Gross historical cost	97,751	99,027
Accumulated amortization	(44,609)	(40,891)
Net book value	$ 53,142	$ 58,136
Weighted-average amortization period in years	15.6	14.4

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Rental income related to above/below market tenant leases, net	$ (1,684)	$ 179	$ (1,901)	$ 423
Property operating expenses related to above/below market ground leases, net	(308)	(317)	(962)	(926)
Depreciation and amortization related to in place lease intangibles and lease commissions	(26,137)	(46,366)	(82,434)	(185,363)

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

	Assets	Liabilities
2015	$ 39,972	$ 3,279
2016	71,453	6,512
2017	43,426	6,052
2018	30,094	5,583
2019	24,033	5,325
Thereafter	162,848	26,391
Total	$ 371,826	$ 53,142

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):

	Nine Months Ended	
	September 30, 2015	September 30, 2014
Real estate dispositions:		
Triple-net	$ 246,116	$ 56,713
Outpatient medical(1)	166,919	343,337
Land parcels	5,724	-
Total dispositions	418,759	400,050
Gain (loss) on real estate dispositions, net	249,002	42,683
Proceeds from real estate dispositions	$ 667,761	$ 442,733

(1) Dispositions occurring in the nine-month period ending September 30, 2015 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rental income	$ 7,164	$ 26,123	$ 24,237	$ 89,593
Expenses:				
Interest expense	1,041	4,507	3,991	18,512
Property operating expenses	1,577	1,595	4,586	6,017
Provision for depreciation	123	7,878	4,760	27,106
Total expenses	2,741	13,980	13,337	51,635
Income (loss) from real estate dispositions, net	$ 4,423	$ 12,143	$ 10,900	$ 37,958

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rental income	$ -	$ -	$ -	$ 881
Expenses:				
Interest expense	-	-	-	157
Total expenses	-	-	-	157
Income (loss) from discontinued operations, net	$ -	$ -	$ -	$ 724

6. Real Estate Loans Receivable

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

	Nine Months Ended					
	September 30, 2015			September 30, 2014		
	Triple-net	Outpatient Medical	Totals	Triple-net	Outpatient Medical	Totals
Advances on real estate loans receivable:						
Investments in new loans	$ 392,278	$ -	$ 392,278	$ 10,674	$ -	$ 10,674
Draws on existing loans	51,422	2,285	53,707	50,446	18,144	68,590
Net cash advances on real estate loans	443,700	2,285	445,985	61,120	18,144	79,264
Receipts on real estate loans receivable:						
Loan payoffs	52,088	-	52,088	24,522	42,036	66,558
Principal payments on loans	19,023	-	19,023	25,494	52	25,546
Sub-total	71,111	-	71,111	50,016	42,088	92,104
Less: Non-cash activity(1)	-	-	-	-	(45,836)	(45,836)
Net cash receipts on real estate loans	71,111	-	71,111	50,016	(3,748)	46,268
Net cash advances (receipts) on real estate loans	372,589	2,285	374,874	11,104	21,892	32,996
Change in balance due to foreign currency translation	(2,131)	-	(2,131)	(1,085)	-	(1,085)
Net change in real estate loans receivable	$ 370,458	$ 2,285	$ 372,743	$ 10,019	$ (23,944)	$ (13,925)

(1) Represents an acquisition of assets previously financed as a real estate loan. Please see Note 3 for additional information.

We recorded no provision for loan losses during the nine months ended September 30, 2015. At September 30, 2015, we had no real estate loans with outstanding balances on non-accrual status and no allowances for loan losses were recorded.

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)	September 30, 2015	December 31, 2014
Triple-net	10% to 49%	$ 35,657	$ 31,511
Seniors housing operating	10% to 50%	485,278	539,147
Outpatient medical	36% to 49%	37,419	173,493
Total		$ 558,354	$ 744,151

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

At September 30, 2015, the aggregate unamortized basis difference of our joint venture investments of $161,882,000 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 nine month period ended September 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	$ 273,922	17%
Sunrise Senior Living[3]	147	225,580	14%
Brookdale Senior Living	146	124,843	8%
Revera[3]	71	75,973	5%
Benchmark Senior Living	50	73,788	4%
Remaining portfolio	759	872,717	52%
Totals	1,353	$ 1,646,823	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 both in 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 Senior Living.

9. Borrowings Under Credit Facilities and Related Items

At September 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 September 30, 2015). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over LIBOR interest rate (1.119% at September 30, 2015). The applicable margin is based on certain of our debt ratings and was 0.925% at September 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 September 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 primary unsecured revolving credit facility for the periods presented (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Balance outstanding at quarter end[1]	$ 490,000	$ -	$ 490,000	$ -
Maximum amount outstanding at any month end	$ 490,000	$ 235,000	$ 535,000	$ 637,000
Average amount outstanding (total of daily principal balances divided by days in period)	$ 298,370	$ 100,380	$ 402,619	$ 253,681
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	1.16%	1.67%	1.17%	1.40%

(1) As of September 30, 2015, letters of credit in the aggregate amount of $58,484,000 have been issued, which reduces the borrowing capacity on the primary 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 September 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	$ -	$ 106,190	$ 106,190
2016	400,000	464,519	864,519
2017	450,000	399,670	849,670
2018	450,000	558,656	1,008,656
2019(4,5)	1,286,625	374,769	1,661,394
Thereafter(6,7,8)	5,387,915	1,041,893	6,429,808
Totals	$ 7,974,540	$ 2,945,697	$ 10,920,237

(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 1.169% to 6.5%.

(3) Annual interest rates range from 1.0% to 7.98%. Carrying value of the properties securing the debt totaled $5,205,803,000 at September 30, 2015.

(4) On July 25, 2014, we refinanced the funding on a $250,000,000 Canadian-denominated unsecured term credit facility (approximately $186,625,000 based on the Canadian/U.S. Dollar exchange rate on September 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 (1.8% at September 30, 2015).

(5) 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 an additional year at our discretion) and bears interest at LIBOR plus 97.5 basis points (1.17% at September 30, 2015).

(6) On November 20, 2013, we completed the sale of £550,000,000 (approximately $831,765,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2015) of 4.8% senior unsecured notes due 2028.

(7) On November 25, 2014, we completed the sale of £500,000,000 (approximately $756,150,000 based on the Sterling/U.S. Dollar exchange rate in effect on September 30, 2015) of 4.5% senior unsecured notes due 2034.

(8) In May 2015, we issued $750,000,000 of 4.0% senior unsecured notes due 2025. In October 2015, we issued an additional $500,000,000 of these notes under a re-opening of the offer.

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

	Nine Months Ended			
	September 30, 2015		September 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	(215,965)	3.000%	(47,660)	3.000%
Foreign currency	(76,649)	8.065%	(31,719)	3.892%
Ending balance	$ 7,974,540	4.210%	$ 7,342,328	4.388%

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

	Nine Months Ended			
	September 30, 2015		September 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	222,612	2.76%	98,100	3.23%
Debt assumed	339,929	3.34%	62,505	3.11%
Debt extinguished	(420,672)	4.27%	(240,355)	5.66%
Foreign currency	(89,154)	3.88%	(45,807)	4.97%
Principal payments	(48,783)	4.85%	(23,434)	3.78%
Ending balance	$ 2,945,697	4.72%	$ 2,861,720	4.94%

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 September 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.

Interest 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 $2,775,000 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 nine months ended September 30, 2015, we settled certain net investment hedges generating cash proceeds of $103,615,000. 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):

		September 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	$	72,000	$	58,000
Denominated in Pounds Sterling	£	57,000	£	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 September 30,		Nine Months Ended September 30,	
	Location	2015	2014	2015	2014
Gain (loss) on interest rate swap recognized in OCI (effective portion)	OCI	$ -	$ (4)	$ (1)	$ (11)
Gain (loss) on interest rate swaps reclassified from AOCI into income (effective portion)	Interest expense	(462)	(459)	(1,390)	(1,338)
Gain (loss) on forward exchange contracts recognized in income	Interest expense	2,347	-	6,285	-
Gain (loss) on forward exchange contracts recognized in income	Gain (loss) on derivatives, net	-	(49)	-	(400)
Loss (gain) on option exercise(1)	Loss (gain) on derivatives, net	-	-	(58,427)	-
Gain on release of cumulative translation adjustment related to net investment hedge of an equity investment	Income (loss) from unconsolidated entities	-	528	-	528
Gain (loss) on foreign exchange contracts and term loans designated as net investment hedge recognized in OCI	OCI	174,239	12,880	208,854	6,833

(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 September 30, 2015, we had eight outstanding letter of credit obligations totaling $73,655,000 and expiring between 2015 and 2018. At September 30, 2015, we had outstanding construction in progress of $197,639,000 and were committed to providing additional funds of approximately $408,372,000 to complete construction. Purchase obligations also include $236,068,000 representing the cash portion of an acquisition that occurred in October 2015 and contingent purchase obligations totaling $29,427,000. 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 September 30, 2015, we had operating lease obligations of $988,564,000 relating to certain ground leases and company office space and capital lease obligations of $99,751,000 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 September 30, 2015, aggregate future minimum rentals to be received under these noncancelable subleases totaled $27,126,000.

13. Stockholders' Equity

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

	September 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	353,814,909	329,487,615
Outstanding shares	352,998,274	328,790,066

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

	Nine Months Ended			
	September 30, 2015		September 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 nine months ended September 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
September 2014 public issuance	17,825,000	63.75	1,136,344	1,095,883
2014 Dividend reinvestment plan issuances	3,114,052	60.05	186,996	186,996
2014 Option exercises	207,046	45.94	9,512	9,512
2014 Stock incentive plans, net of forfeitures	186,837		-	-
2014 Senior note conversions	199,943		-	-
2014 Preferred stock conversions	233,236		-	-
2014 Totals	37,866,114		$ 2,336,687	$ 2,260,908
February 2015 public issuance	19,550,000	$ 75.50	$ 1,476,025	$ 1,423,935
2015 Dividend reinvestment plan issuances	2,935,950	70.28	206,334	206,334
2015 Option exercises	247,005	47.42	11,712	11,712
2015 Stock incentive plans, net of forfeitures	144,779		-	-
2015 Senior note conversions	1,330,474		-	-
2015 Totals	24,208,208		$ 1,694,071	$ 1,641,981

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):

	Nine Months Ended			
	September 30, 2015		September 30, 2014	
	Per Share	Amount	Per Share	Amount
Common Stock	$ 2.4750	$ 852,563	$ 2.3850	$ 708,923
Series H Preferred Stock	-	-	0.0079	1
Series I Preferred Stock	2.4375	35,039	2.4375	35,040
Series J Preferred Stock	1.2189	14,016	1.2189	14,016
Totals		$ 901,618		$ 757,980

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	2,071	(18,186)	-	(2,625)	(18,740)
Reclassification amount to net income	-	-	-	1,390 (1)	1,390
Net current-period other comprehensive income	2,071	(18,186)	-	(1,235)	(17,350)
Balance at September 30, 2015	$ (72,699)	$ (18,186)	$ (1,589)	$ (1,885)	$ (94,359)
Balance at December 31, 2013	$ (17,631)	$ (389)	$ (1,452)	$ (5,059)	$ (24,531)
Other comprehensive income before reclassification adjustments	(29,361)	389	-	(11)	(28,983)
Reclassification amount to net income	(528)	-	-	1,338 (1)	810
Net current-period other comprehensive income	(29,889)	389	-	1,327	(28,173)
Balance at September 30, 2014	$ (47,520)	$ -	$ (1,452)	$ (3,732)	$ (52,704)

(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 $5,477,000 and $25,655,000 for the three and nine months ended September 30, 2015, respectively, and $4,271,000 and $26,108,000 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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator for basic and diluted earnings per share - net income (loss) attributable to common stockholders	$ 182,043	$ 136,255	$ 685,413	$ 258,107
Denominator for basic earnings per share - weighted average shares	351,765	311,117	346,425	299,137
Effect of dilutive securities:				
Employee stock options	114	202	155	181
Non-vested restricted shares	607	505	498	506
Redeemable shares	621	-	207	-
Convertible senior unsecured notes	-	988	262	821
Dilutive potential common shares	1,342	1,695	1,122	1,508
Denominator for diluted earnings per share - adjusted weighted average shares	353,107	312,812	347,547	300,645
Basic earnings per share	$ 0.52	$ 0.44	$ 1.98	$ 0.86
Diluted earnings per share	$ 0.52	$ 0.44	$ 1.97	$ 0.86

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):

	September 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Mortgage loans receivable	$ 570,997	$ 606,910	$ 188,651	$ 194,935
Other real estate loans receivable	181,915	181,585	191,518	195,375
Available-for-sale equity investments	40,241	40,241	-	-
Cash and cash equivalents	292,042	292,042	473,726	473,726
Foreign currency forward contracts	105,856	105,856	57,087	57,087
Financial liabilities:				
Borrowings under unsecured credit facilities	$ 490,000	$ 490,000	$ -	$ -
Senior unsecured notes	7,926,757	8,489,584	7,766,251	8,613,702
Secured debt	2,975,639	3,024,245	2,977,713	3,053,067
Foreign currency forward contracts	21,909	21,909	1,495	1,495
Redeemable OP unitholder interests	$ 111,380	$ 111,380	$ 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 September 30, 2015			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity investments(1)	$ 40,241	$ 40,241	$ -	$ -
Foreign currency forward contracts, net(2)	83,947	-	83,947	-
Redeemable OP unitholder interests	111,380	-	111,380	-
Totals	$ 235,568	$ 40,241	$ 195,327	$ -

(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 September 30, 2015:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 285,027	$ -	$ 124,263	$ -	$ 409,290
Resident fees and services	-	545,255	-	-	545,255
Interest income	19,454	1,054	1,872	-	22,380
Other income	969	772	309	22	2,072
Total revenues	305,450	547,081	126,444	22	978,997
Property operating expenses	-	368,050	40,653	-	408,703
Net operating income from continuing operations	305,450	179,031	85,791	22	570,294
Reconciling items:					
Interest expense	12,359	30,990	7,120	70,661	121,130
Depreciation and amortization	74,486	87,306	44,007	-	205,799
General and administrative	-	-	-	36,950	36,950
Transaction costs	1,865	7,630	(162)	-	9,333
Loss (gain) on extinguishment of debt, net	(139)	-	-	723	584
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	216,879	53,105	34,826	(108,312)	196,498
Income tax expense	87	3,237	154	(134)	3,344
(Loss) income from unconsolidated entities	2,851	(5,629)	147	-	(2,631)
Income (loss) from continuing operations	219,817	50,713	35,127	(108,446)	197,211
Gain (loss) on real estate dispositions, net	2,155	-	(109)	-	2,046
Net income (loss)	$ 221,972	$ 50,713	$ 35,018	$ (108,446)	$ 199,257
Total assets	$ 12,346,157	$ 10,325,540	$ 4,699,643	$ 85,026	$ 27,456,366

Three Months Ended September 30, 2014:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 250,748	$ -	$ 103,400	$ -	$ 354,148
Resident fees and services	-	482,412	-	-	482,412
Interest income	7,520	1,054	770	-	9,344
Other income	981	325	207	106	1,619
Total revenues	259,249	483,791	104,377	106	847,523
Property operating expenses	41	320,895	34,221	-	355,157
Net operating income from continuing operations	259,208	162,896	70,156	106	492,366
Reconciling items:					
Interest expense	10,294	26,612	7,692	73,837	118,435
Loss (gain) on derivatives, net	52	(3)	-	-	49
Depreciation and amortization	68,027	95,819	37,124	-	200,970
General and administrative	-	-	-	30,803	30,803
Transaction costs	1,619	10,572	1,363	-	13,554
Loss (gain) on extinguishment of debt, net	(36)	-	-	2,728	2,692
Other Expenses	8,825	1,437	-	-	10,262
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	170,427	28,459	23,977	(107,262)	115,601
Income tax expense	5,986	3,746	466	-	10,198
(Loss) income from unconsolidated entities	1,353	(5,550)	1,565	-	(2,632)
Income (loss) from continuing operations	177,766	26,655	26,008	(107,262)	123,167
Gain (loss) on real estate dispositions, net	29,604	-	-	-	29,604
Net income (loss)	$ 207,370	$ 26,655	$ 26,008	$ (107,262)	$ 152,771

Nine Months Ended September 30, 2015:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 829,422	$ -	$ 356,080	$ -	$ 1,185,502
Resident fees and services	-	1,573,318	-	-	1,573,318
Interest income	52,343	3,126	4,481	-	59,950
Other income	5,823	5,001	665	83	11,572
Total revenues	887,588	1,581,445	361,226	83	2,830,342
Property operating expenses	-	1,067,127	116,392	-	1,183,519
Net operating income from continuing operations	887,588	514,318	244,834	83	1,646,823
Reconciling items:					
Interest expense	25,064	104,245	21,929	209,833	361,071
Loss (gain) on derivatives, net	(58,427)	-	-	-	(58,427)
Depreciation and amortization	216,921	252,785	133,725	-	603,431
General and administrative	-	-	-	110,562	110,562
Transaction costs	45,615	23,610	1,154	-	70,379
Loss (gain) on extinguishment of debt, net	10,096	-	-	24,776	34,872
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	646,099	133,678	88,026	(355,671)	512,132
Income tax expense	(2,617)	(745)	460	(867)	(3,769)
(Loss) income from unconsolidated entities	5,697	(26,785)	2,857	-	(18,231)
Income (loss) from continuing operations	649,179	106,148	91,343	(356,538)	490,132
Gain (loss) on real estate dispositions, net	56,251	-	192,751	-	249,002
Net income (loss)	$ 705,430	$ 106,148	$ 284,094	$ (356,538)	$ 739,134

Nine Months Ended September 30, 2014:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	$ 736,599	$ -	$ 301,852	$ -	$ 1,038,451
Resident fees and services	-	1,406,316	-	-	1,406,316
Interest income	23,220	1,065	2,586	-	26,871
Other income	1,448	1,643	850	198	4,139
Total revenues	761,267	1,409,024	305,288	198	2,475,777
Property operating expenses	732	939,108	100,502	-	1,040,342
Net operating income from continuing operations	760,535	469,916	204,786	198	1,435,435
Reconciling items:					
Interest expense	28,063	82,924	25,423	223,924	360,334
Loss (gain) on derivatives, net	125	275	-	-	400
Depreciation and amortization	202,668	334,625	111,444	-	648,737
General and administrative	-	-	-	115,327	115,327
Transaction costs	5,900	12,863	2,783	-	21,546
Loss (gain) on extinguishment of debt, net	(36)	383	-	2,728	3,075
Other expenses	8,825	1,437	-	-	10,262
Income (loss) from continuing operations before income taxes and income from unconsolidated entities	514,990	37,409	65,136	(341,781)	275,754
Income tax expense	5,194	1,302	(127)	-	6,369
(Loss) income from unconsolidated entities	4,157	(29,007)	5,145	-	(19,705)
Income (loss) from continuing operations	524,341	9,704	70,154	(341,781)	262,418
Income (loss) from discontinued operations	7,135	-	-	-	7,135
Gain (loss) on real estate dispositions, net	35,366	-	906	-	36,272
Net income (loss)	$ 566,842	$ 9,704	$ 71,060	$ (341,781)	$ 305,825

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				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
Revenues:	Amount	%	Amount	%	Amount	%	Amount	%
United States	$ 793,429	81.0%	$ 707,842	83.5%	$ 2,309,596	81.6%	$ 2,078,863	84.0%
International	185,568	19.0%	139,681	16.5%	520,746	18.4%	396,914	16.0%
Total	$ 978,997	100.0%	$ 847,523	100.0%	$ 2,830,342	100.0%	$ 2,475,777	100.0%

	As of			
	September 30, 2015		December 31, 2014	
Assets:	Amount	%	Amount	%
United States	$ 22,508,234	82.0%	$ 20,728,477	82.9%
International	4,948,132	18.0%	4,285,819	17.1%
Total	$ 27,456,366	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. The income tax benefit for the three months ended September 30, 2015 and 2014, was primarily due to operating income or losses, offset by certain discrete items at our TRS entities. 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.

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.

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 Welltower Inc. (formerly 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 Welltower Inc. and its subsidiaries unless specifically noted otherwise.

Executive Summary

Company Overview

Welltower Inc. (NYSE:HCN), an S&P 500 company headquartered in Toledo, Ohio, is driving the transformation of health care infrastructure. The company invests with leading seniors housing operators, post-acute providers and health systems to fund the real estate and infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. Welltower™, a real estate investment trust ("REIT"), owns properties in major, high-growth markets in the United States, Canada and the United Kingdom, consisting of seniors housing and post-acute communities and outpatient medical properties. 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 September 30, 2015 (dollars in thousands):

Type of Property		NOI[1]	Percentage of NOI	Number of Properties
Triple-net	$	305,450	53.6%	749
Seniors housing operating		179,031	31.4%	352
Outpatient medical		85,791	15.0%	252
Totals	$	570,272	100.0%	1,353

(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 nine months ended September 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 September 30, 2015, we had $292,042,000 of cash and cash equivalents, $74,758,000 of restricted cash and $1,951,516,000 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 21 months ended September 30, 2015, we raised $5,612,494,000 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 $3,330,923,000 during the nine months ended September 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. In October 2015, we re-opened this tranche and issued an additional $500,000,000 of these notes, generating net proceeds of approximately $485,250,000. During the nine months ended September 30, 2015, we raised $206,334,000 through our dividend reinvestment program. Also during October 2015, we raised approximately $47,463,000 under our Equity Shelf Program (as defined below).

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

	Properties		Investment Amount[1]	Capitalization Rates[2]		Book Amount[3]
Triple-net	45	$	1,150,199	6.8%	$	1,140,860
Seniors housing operating	43		1,247,004	6.1%		1,431,047
Outpatient medical	9		134,999	5.9%		446,398
Totals	97	$	2,532,202	6.4%	$	3,018,305

(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 nine months ended September 30, 2015 (dollars in thousands):

	Properties		Proceeds[1]	Capitalization Rates[2]		Book Amount[3]
Triple-net	23	$	307,961	7.1%	$	251,840
Outpatient medical	9		585,799	5.1%		166,919
Totals	32	$	893,760	5.8%	$	418,759

(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 September 30, 2015 represents the 178th 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	September 30, 2015
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573	$ 182,043
Funds from operations	288,803	284,245	316,512	284,516	344,250	340,588	392,295
Net operating income from continuing operations	460,376	482,692	492,366	504,754	517,716	558,815	570,294
Same store cash net operating income	409,723	422,227	426,260	423,847	416,400	428,791	427,948
Per share data (fully diluted):							
Net income (loss) attributable to common stockholders	$ 0.17	$ 0.24	$ 0.44	$ 0.57	$ 0.56	$ 0.89	$ 0.52
Funds from operations	0.99	0.95	1.01	0.86	1.02	0.97	1.11

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 periods indicated below:

	Three Months Ended						
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
Property mix:(1)							
Triple-net	53%	53%	53%	53%	55%	54%	54%
Seniors housing operating	32%	33%	33%	32%	30%	32%	31%
Outpatient medical	15%	14%	14%	15%	15%	14%	15%
Relationship mix:(1)							
Genesis Healthcare	15%	16%	16%	16%	17%	17%	17%
Sunrise Senior Living(2)	15%	15%	16%	15%	14%	14%	14%
Brookdale Senior Living	9%	9%	8%	8%	8%	7%	7%
Revera(2)	4%	4%	5%	4%	4%	5%	5%
Benchmark Senior Living	4%	4%	4%	4%	4%	5%	5%
Remaining relationships	53%	52%	51%	53%	53%	52%	52%
Geographic mix:(1)							
California	10%	10%	10%	10%	10%	9%	10%
United Kingdom	7%	6%	7%	7%	8%	10%	10%
New Jersey	8%	8%	9%	8%	8%	8%	8%
Pennsylvania	5%	5%	5%	5%	6%	6%	7%
Texas	7%	7%	7%	7%	7%	7%	7%
Remaining geographic areas	63%	64%	62%	63%	61%	60%	58%

(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 Senior Living.

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	September 30, 2015
Debt to book capitalization ratio	48%	45%	43%	45%	42%	43%	43%
Debt to undepreciated book capitalization ratio	43%	40%	38%	40%	38%	39%	38%
Debt to market capitalization ratio	37%	33%	32%	29%	28%	32%	31%
Interest coverage ratio	3.45x	3.51x	3.86x	4.29x	4.21x	5.32x	4.39x
Fixed charge coverage ratio	2.74x	2.77x	3.07x	3.39x	3.34x	4.19x	3.45x

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

	Expiration Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Thereafter
Triple-net:											
Properties	4	-	33	51	-	16	25	40	13	20	517
Base rent[(1)]	$ 12,406	$ -	$ 14,907	$ 37,216	$ -	$ 19,193	$ 37,194	$ 35,359	$ 18,819	$ 43,946	$ 940,133
% of base rent	1.1%	0.0%	1.3%	3.2%	0.0%	1.7%	3.2%	3.1%	1.6%	3.8%	81.1%
Units/beds	432	-	1,467	3,151	-	1,391	3,725	4,964	1,390	2,164	55,711
% of Units/beds	0.6%	0.0%	2.0%	4.2%	0.0%	1.9%	5.0%	6.7%	1.9%	2.9%	74.9%
Outpatient medical:											
Square feet	761,227	838,863	1,104,670	936,001	1,062,052	1,210,011	1,146,299	2,162,371	1,192,960	1,353,779	4,269,748
Base rent[(1)]	$ 18,997	$ 18,562	$ 27,630	$ 22,485	$ 26,112	$ 30,653	$ 28,733	$ 44,486	$ 26,088	$ 35,676	$ 84,256
% of base rent	5.2%	5.1%	7.6%	6.2%	7.2%	8.4%	7.9%	12.2%	7.2%	9.8%	23.3%
Leases	198	251	284	269	250	227	173	181	150	99	225
% of Leases	8.6%	10.9%	12.3%	11.7%	10.8%	9.8%	7.5%	7.8%	6.5%	4.3%	9.8%

(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.welltower.com/#investors/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):

	Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%
Cash and cash equivalents at beginning of period	$ 473,726	$ 158,780	$ 314,946	198%
Cash provided from (used in):				
Operating activities	1,036,324	854,169	182,155	21%
Investing activities	(2,505,642)	(1,106,896)	(1,398,746)	126%
Financing activities	1,289,945	1,092,490	197,455	18%
Effect of foreign currency translation on cash and cash equivalents	(2,311)	135	(2,446)	n/a
Cash and cash equivalents at end of period	$ 292,042	$ 998,678	$ (706,636)	-71%

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 nine months ended September 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 and 6 of our unaudited consolidated financial statements. The following is a summary of cash used in non-acquisition capital improvement activities (dollars in thousands):

	Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%
New development	$ 165,311	$ 140,829	$ 24,482	17%
Recurring capital expenditures, tenant improvements and lease commissions	13,650	43,956	(30,306)	-69%
Renovations, redevelopments and other capital improvements	108,990	42,368	66,622	157%
Total	$ 287,951	$ 227,153	$ 60,798	27%

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 September 30, 2015, we had investments in unconsolidated entities with our ownership generally 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 September 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 September 30, 2015 (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	2015	2016-2017	2018-2019	Thereafter
Unsecured revolving credit facility[1]	$ 490,000	$ -	$ -	$ 490,000	$ -
Senior unsecured notes and credit facilities:[2]					
U.S. Dollar senior unsecured notes	5,700,000	-	850,000	1,050,000	3,800,000
Pounds Sterling senior unsecured notes[3]	1,587,915	-	-	-	1,587,915
U.S. Dollar term credit facility	500,000	-	-	500,000	-
Canadian Dollar term credit facility[3]	186,625	-	-	186,625	-
Secured debt:[2,3]					
Consolidated	2,945,697	106,190	864,189	933,425	1,041,893
Unconsolidated	499,217	8,832	53,211	27,454	409,720
Contractual interest obligations:[4]					
Unsecured revolving credit facility	18,966	2,842	11,368	4,756	-
Senior unsecured notes and term loans[3]	3,547,135	118,562	665,356	595,402	2,167,815
Consolidated secured debt[3]	608,001	35,231	225,990	129,012	217,768
Unconsolidated secured debt[3]	144,514	4,648	34,097	30,964	74,805
Capital lease obligations[5]	99,751	1,182	9,464	9,012	80,093
Operating lease obligations[5]	988,564	3,907	30,956	31,123	922,578
Purchase obligations[5]	673,867	249,736	371,693	52,438	-
Other long-term liabilities[6]	6,022	369	2,950	2,703	-
Total contractual obligations	$ 17,996,274	$ 531,499	$ 3,119,274	$ 4,042,914	$ 10,302,587

(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 September 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 September 30, 2015 is as follows:

	Per Agreement		
Covenant	Primary Unsecured Credit Facility	Senior Unsecured Notes	Actual at September 30, 2015
Total Indebtedness to Book Capitalization Ratio maximum	60%	n/a	43%
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	36%
Adjusted Interest Coverage Ratio minimum	n/a	1.50x	4.71x
Adjusted Fixed Charge Coverage minimum	1.50x	n/a	3.72x

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 October 23, 2015, 12,800,329 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 October 23, 2015, we had $408,926,000 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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	Amount	%	September 30, 2015	September 30, 2014	Amount	%
Net income (loss) attributable to common stockholders	$ 182,043	$ 136,255	$ 45,788	34%	$ 685,413	$ 258,107	$ 427,306	166%
Funds from operations	392,295	316,512	75,783	24%	1,077,132	889,562	187,570	21%
EBITDA	522,842	461,978	60,864	13%	1,707,405	1,308,684	398,721	30%
Net operating income from continuing operations (NOI)	570,294	492,366	77,928	16%	1,646,823	1,435,435	211,388	15%
Same store cash NOI	427,948	426,260	1,688	0%	1,273,140	1,258,210	14,930	1%
Per share data (fully diluted):								
Net income (loss) attributable to common stockholders	$ 0.52	$ 0.44	$ 0.08	18%	$ 1.97	$ 0.86	$ 1.11	129%
Funds from operations	$ 1.11	$ 1.01	$ 0.10	10%	$ 3.10	$ 2.96	$ 0.14	5%
Interest coverage ratio	4.39x	3.86x	0.53x	14%	4.64x	3.60x	1.04x	29%
Fixed charge coverage ratio	3.45x	3.07x	0.38x	12%	3.67x	2.86x	0.81x	28%

Triple-net

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

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
SSCNOI[1]	$ 211,586	204,626	$ 6,960	3%	$ 628,463	609,336	$ 19,127	3%
Non-cash NOI attributable to same store properties[1]	22,376	20,189	2,187	11%	67,456	52,565	14,891	28%
NOI attributable to non same store properties[2]	71,488	34,393	37,095	108%	191,669	98,634	93,035	94%
NOI	$ 305,450	$ 259,208	$ 46,242	18%	$ 887,588	$ 760,535	$ 127,053	17%

(1) Change is due to increases in cash and non-cash NOI (described below) related to 584 same store properties.

(2) Change is primarily due to the acquisition of 149 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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
Revenues:								
Rental income	$ 285,027	$ 250,748	$ 34,279	14%	$ 829,422	$ 736,599	$ 92,823	13%
Interest income	19,454	7,520	11,934	159%	52,343	23,220	29,123	125%
Other income	969	981	(12)	-1%	5,823	1,448	4,375	302%
	305,450	259,249	46,201	18%	887,588	761,267	126,321	17%
Property operating expenses	-	41	(41)	-100%	-	732	(732)	-100%
Net operating income from continuing operations (NOI)	305,450	259,208	46,242	18%	887,588	760,535	127,053	17%
Other expenses:								
Interest expense	12,359	10,294	2,065	20%	25,064	28,063	(2,999)	-11%
Loss (gain) on derivatives, net	-	52	(52)	-100%	(58,427)	125	(58,552)	n/a
Depreciation and amortization	74,486	68,027	6,459	9%	216,921	202,668	14,253	7%
Transaction costs	1,865	1,619	246	15%	45,615	5,900	39,715	673%
Loss (gain) on extinguishment of debt, net	(139)	(36)	(103)	286%	10,096	(36)	10,132	n/a
Impairment of assets	-	-	-	n/a	2,220	-	2,220	n/a
Other expenses	-	8,825	(8,825)	-100%	-	8,825	(8,825)	-100%
	88,571	88,781	(210)	0%	241,489	245,545	(4,056)	-2%
Income from continuing operations before income taxes and income (loss) from unconsolidated entities	216,879	170,427	46,452	27%	646,099	514,990	131,109	25%
Income tax benefit (expense)	87	5,986	(5,899)	-99%	(2,617)	5,194	(7,811)	n/a
Income (loss) from unconsolidated entities	2,851	1,353	1,498	111%	5,697	4,157	1,540	37%
Income from continuing operations	219,817	177,766	42,051	24%	649,179	524,341	124,838	24%
Discontinued operations, net(1)	-	-	-	n/a	-	7,135	(7,135)	-100%
Gain (loss) on real estate dispositions, net(1)	2,155	29,604	(27,449)	-93%	56,251	35,366	20,885	59%
Net income	221,972	207,370	14,602	7%	705,430	566,842	138,588	24%
Less: Net income (loss) attributable to noncontrolling interests	526	500	26	5%	1,528	1,491	37	2%
Net income attributable to common stockholders	$ 221,446	$ 206,870	$ 14,576	7%	$ 703,902	$ 565,351	$ 138,551	25%

(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 September 30, 2015, we had no lease renewals but we had 25 leases with rental rate increasers ranging from 0.12% to 0.43% 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 nine months ended September 30, 2015, we completed four triple-net construction projects representing $85,902,000 or $270,132 per bed/unit plus expansion projects totaling $38,808,000. The following is a summary of triple-net construction projects pending as of September 30, 2015 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Frederick, MD	130	19,000	17,863	4Q15
Edmond, OK	142	24,500	7,984	3Q16
Carrollton, TX	104	18,900	5,940	3Q16
Tulsa, OK	145	25,800	3,709	4Q16
Bracknell, UK	64	16,709	6,633	4Q16
Piscataway, NJ	124	30,600	17,062	4Q16
Raleigh, NC	225	93,000	33,891	1Q17
Livingston, NJ	120	51,440	16,744	1Q17
	1,054	$ 279,949	$ 109,826	

Interest expense for the nine months ended September 30, 2015 and 2014 represents secured debt interest expense. 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				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate	Amount	Wtd. Avg. Interest Rate
Beginning balance	$ 545,207	5.556%	$ 581,740	5.389%	$ 670,769	5.337%	$ 587,136	5.394%
Debt extinguished	(20,338)	6.306%	(9,019)	6.140%	(132,545)	4.695%	(9,019)	6.140%
Foreign Currency	(6,155)	5.316%	-	0.000%	(13,011)	5.316%	-	0.000%
Principal payments	(3,046)	5.566%	(2,657)	5.774%	(9,545)	5.669%	(8,053)	5.830%
Ending balance	$ 515,668	5.526%	$ 570,064	5.374%	$ 515,668	5.526%	$ 570,064	5.374%
Monthly averages	$ 520,244	5.541%	$ 573,927	5.379%	$ 549,861	5.528%	$ 580,636	5.387%

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 year-to-date 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.

The decrease in other expenses in the third quarter is primarily related to the 2014 reversal of the indemnification asset recorded in connection with the Genesis acquisition. At that time, an income tax benefit was recorded in the same amount to reverse the unrecognized tax benefits related to the transaction.

Changes in the gain on sales of properties are related to property sales which totaled 23 and twelve for the nine months ended September 30, 2015 and 2014, respectively. During the nine months ended September 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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
SSCNOI[1]	$ 154,128	$ 160,725	$ (6,597)	-4%	$ 457,733	$ 466,455	$ (8,722)	-2%
Non-cash NOI attributable to same store properties	(250)	(261)	11	-4%	(754)	(793)	39	-5%
NOI attributable to non same store properties[2]	25,153	2,432	22,721	934%	57,339	4,254	53,085	1248%
NOI	$ 179,031	$ 162,896	$ 16,135	10%	$ 514,318	$ 469,916	$ 44,402	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 73 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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
Revenues:								
Resident fees and services	$ 545,255	$ 482,412	$ 62,843	13%	$ 1,573,318	$ 1,406,316	$ 167,002	12%
Interest income	1,054	1,054	-	0%	3,126	1,065	2,061	194%
Other income	772	325	447	138%	5,001	1,643	3,358	204%
	547,081	483,791	63,290	13%	1,581,445	1,409,024	172,421	12%
Property operating expenses	368,050	320,895	47,155	15%	1,067,127	939,108	128,019	14%
Net operating income from continuing operations (NOI)	179,031	162,896	16,135	10%	514,318	469,916	44,402	9%
Other expenses:								
Interest expense	30,990	26,612	4,378	16%	104,245	82,924	21,321	26%
Loss (gain) on derivatives, net	-	(3)	3	-100%	-	275	(275)	-100%
Depreciation and amortization	87,306	95,819	(8,513)	-9%	252,785	334,625	(81,840)	-24%
Transaction costs	7,630	10,572	(2,942)	-28%	23,610	12,863	10,747	84%
Loss (gain) on extinguishment of debt, net	-	-	-	n/a	-	383	(383)	-100%
Other expenses	-	1,437	(1,437)	-100%	-	1,437	(1,437)	-100%
	125,926	134,437	(8,511)	-6%	380,640	432,507	(51,867)	-12%
Income (loss) from continuing operations before income taxes and income (loss) from unconsolidated entities	53,105	28,459	24,646	87%	133,678	37,409	96,269	257%
Income tax benefit (expense)	3,237	3,746	(509)	-14%	(745)	1,302	(2,047)	-157%
Income (loss) from unconsolidated entities	(5,629)	(5,550)	(79)	1%	(26,785)	(29,007)	2,222	-8%
Net income (loss)	50,713	26,655	24,058	90%	106,148	9,704	96,444	994%
Less: Net income (loss) attributable to noncontrolling interests	(679)	(391)	(288)	74%	2,114	(3,104)	5,218	-168%
Net income (loss) attributable to common stockholders	$ 51,392	$ 27,046	$ 24,346	90%	$ 104,034	$ 12,808	$ 91,226	712%

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 nine month periods ended September 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 nine month period ended September 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 September 30, 2015 (dollars in thousands):

Location	Units	Commitment	Balance	Est. Completion
Camberley, UK	102	$ 20,982	$ 18,279	3Q16
Chertsey, UK	93	46,778	12,390	3Q17
Bushey, UK	95	59,897	13,817	2Q18
Total	290	$ 127,657	$ 44,486	

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				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	$ 1,827,123	4.353%	$ 1,637,508	4.499%	$ 1,654,531	4.422%	$ 1,714,714	4.622%
Debt issued	85,811	2.623%	87,410	3.190%	222,612	2.759%	98,100	3.228%
Debt assumed	22,032	4.995%	-	0.000%	227,929	4.075%	12,005	4.147%
Debt extinguished	(79,981)	3.478%	(31,167)	5.079%	(199,946)	3.507%	(112,829)	5.665%
Foreign currency	(44,360)	3.588%	(22,234)	3.759%	(76,146)	3.639%	(23,434)	3.775%
Principal payments	(9,375)	4.217%	(8,296)	4.325%	(27,730)	4.209%	(25,335)	4.354%
Ending balance	$ 1,801,250	4.335%	$ 1,663,221	4.431%	$ 1,801,250	4.335%	$ 1,663,221	4.431%
Monthly averages	$ 1,792,576	4.346%	$ 1,649,352	4.481%	$ 1,754,706	4.376%	$ 1,654,526	4.538%

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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
SSCNOI(1)	$ 62,234	$ 60,909	$ 1,325	2%	$ 186,944	$ 182,419	$ 4,525	2%
Non-cash NOI attributable to same store properties(1)	1,299	1,744	(445)	-26%	4,137	6,160	(2,023)	-33%
NOI attributable to non same store properties(2)	22,258	7,503	14,755	197%	53,753	16,207	37,546	232%
NOI	$ 85,791	$ 70,156	$ 15,635	22%	$ 244,834	$ 204,786	$ 40,048	20%

(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 12 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):

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
Revenues:								
Rental income	$ 124,263	$ 103,400	$ 20,863	20%	$ 356,080	$ 301,852	$ 54,228	18%
Interest income	1,872	770	1,102	143%	4,481	2,586	1,895	73%
Other income	309	207	102	49%	665	850	(185)	-22%
	126,444	104,377	22,067	21%	361,226	305,288	55,938	18%
Property operating expenses	40,653	34,221	6,432	19%	116,392	100,502	15,890	16%
Net operating income from continuing operations (NOI)	85,791	70,156	15,635	22%	244,834	204,786	40,048	20%
Other expenses:								
Interest expense	7,120	7,692	(572)	-7%	21,929	25,423	(3,494)	-14%
Depreciation and amortization	44,007	37,124	6,883	19%	133,725	111,444	22,281	20%
Transaction costs	(162)	1,363	(1,525)	n/a	1,154	2,783	(1,629)	-59%
	50,965	46,179	4,786	10%	156,808	139,650	17,158	12%
Income from continuing operations before income taxes and income from unconsolidated entities	34,826	23,977	10,849	45%	88,026	65,136	22,890	35%
Income tax (expense) benefit	154	466	(312)	-67%	460	(127)	587	n/a
Income from unconsolidated entities	147	1,565	(1,418)	-91%	2,857	5,145	(2,288)	-44%
Income from continuing operations	35,127	26,008	9,119	35%	91,343	70,154	21,189	30%
Gain (loss) on real estate dispositions, net(1)	(109)	-	(109)	n/a	192,751	906	191,845	21175%
Net income (loss)	35,018	26,008	9,010	35%	284,094	71,060	213,034	300%
Less: Net income (loss) attributable to noncontrolling interests	1,015	55	960	1745%	1,024	274	750	274%
Net income (loss) attributable to common stockholders	$ 34,003	$ 25,953	$ 8,050	31%	$ 283,070	$ 70,786	$ 212,284	300%

(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 September 30, 2015, our consolidated outpatient medical portfolio signed 65,179 square feet of new leases and 228,038 square feet of renewals. The weighted-average term of these leases was six years, with a rate of $37.25 per square foot and tenant improvement and lease commission costs of $15.75 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 nine months ended September 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 September 30, 2015 (dollars in thousands):

Location	Square Feet		Commitment		Balance	Est. Completion
Bel Air, MD	99,184	$	26,386	$	12,289	1Q16
Richmond, TX	36,475		11,670		5,062	1Q16
Stamford, CT	92,345		41,735		3,359	3Q16
Missouri, TX	23,863		9,180		1,560	3Q16
Brooklyn, NY	140,955		103,624		15,248	1Q17
Total	392,822	$	192,595	$	37,518	

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						Nine Months Ended					
	September 30, 2015			September 30, 2014			September 30, 2015			September 30, 2014		
		Amount	Weighted Avg. Interest Rate		Amount	Weighted Avg. Interest Rate		Amount	Weighted Avg. Interest Rate		Amount	Weighted Avg. Interest Rate
Beginning balance	$	654,990	5.193%	$	585,161	6.067%	$	609,268	5.838%	$	700,427	5.999%
Debt assumed		-	0.000%		50,500	2.863%		112,000	1.837%		50,500	2.863%
Debt extinguished		(29,370)	5.381%		(11,447)	5.700%		(88,182)	5.355%		(118,507)	5.613%
Principal payments		(3,065)	6.023%		(3,282)	6.092%		(10,531)	5.724%		(11,488)	5.682%
Ending balance	$	622,555	5.181%	$	620,932	5.812%	$	622,555	5.181%	$	620,932	5.812%
Monthly averages	$	640,971	5.188%	$	590,392	6.001%	$	608,489	5.523%	$	634,851	5.956%

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, termination of pre-existing relationships, lease termination expenses 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 from certain unconsolidated property investments related to our strategic joint venture with a national medical office building company and the period for which we held a joint venture investment with Forest City Enterprises.

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		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
Revenues:								
Other income	$ 22	$ 106	$ (84)	-79%	$ 83	$ 198	$ (115)	-58%
Expenses:								
Interest expense	70,661	73,837	(3,176)	-4%	209,833	223,924	(14,091)	-6%
General and administrative	36,950	30,803	6,147	20%	110,562	115,327	(4,765)	-4%
Loss on extinguishment of debt, net	723	2,728	(2,005)	-73%	24,776	2,728	22,048	808%
Other expenses	-	-	-	n/a	10,583	-	10,583	n/a
	108,334	107,368	966	1%	355,754	341,979	13,775	4%
Loss from continuing operations before income taxes	(108,312)	(107,262)	(1,050)	1%	(355,671)	(341,781)	(13,890)	4%
Income tax (expense) benefit	(134)	-	(134)	n/a	(867)	-	(867)	n/a
Loss from continuing operations	(108,446)	(107,262)	(1,184)	1%	(356,538)	(341,781)	(14,757)	4%
Less: Preferred stock dividends	16,352	16,352	-	0%	49,055	49,057	(2)	0%
Net loss attributable to common stockholders	$ (124,798)	$ (123,614)	$ (1,184)	1%	$ (405,593)	$ (390,838)	$ (14,755)	4%

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

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30, 2015	September 30, 2014	$	%	September 30, 2015	September 30, 2014	$	%
Senior unsecured notes	$ 66,679	$ 69,485	$ (2,806)	-4%	$ 196,752	$ 210,765	$ (14,013)	-7%
Secured debt	94	112	(18)	-16%	281	334	(53)	-16%
Primary unsecured credit facility	2,042	1,760	282	16%	7,806	6,884	922	13%
Capitalized interest	(1,321)	(1,561)	240	-15%	(4,680)	(4,778)	98	-2%
Swap loss (savings)	(11)	(4)	(7)	175%	(23)	(11)	(12)	109%
Loan expense	3,178	4,045	(867)	-21%	9,697	10,730	(1,033)	-10%
Totals	$ 70,661	$ 73,837	$ (3,176)	-4%	$ 209,833	$ 223,924	$ (14,091)	-6%

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 and Canadian-denominated unsecured term credit facility, 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 nine months ended September 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 September 30, 2015 and 2014 were 3.77% and 3.63%, 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	September 30, 2015
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573	$ 182,043
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829	208,802	205,799
Impairment of assets	-	-	-	-	2,220	-	-
Loss (gain) on sales of properties, net	-	(13,079)	(29,604)	(110,839)	(56,845)	(190,111)	(2,046)
Noncontrolling interests	(10,520)	(9,741)	(9,359)	(8,234)	(7,249)	(10,467)	(11,647)
Unconsolidated entities	15,983	20,787	18,250	19,560	26,496	19,791	18,146
Funds from operations	$ 288,803	$ 284,245	$ 316,512	$ 284,516	$ 344,250	$ 340,588	$ 392,295
Average common shares outstanding:							
Basic	289,606	296,256	311,117	327,492	336,754	350,399	351,765
Diluted	290,917	297,995	312,812	329,130	337,812	351,366	353,107
Per share data:							
Net income attributable to common stockholders							
Basic	$ 0.17	$ 0.24	$ 0.44	$ 0.58	$ 0.57	$ 0.89	$ 0.52
Diluted	0.17	0.24	0.44	0.57	0.56	0.89	0.52
Funds from operations							
Basic	$ 1.00	$ 0.96	$ 1.02	$ 0.87	$ 1.02	$ 0.97	$ 1.12
Diluted	0.99	0.95	1.01	0.86	1.02	0.97	1.11

	Nine Months Ended	
FFO Reconciliations:	September 30, 2014	September 30, 2015
Net income attributable to common stockholders	$ 258,107	$ 685,413
Depreciation and amortization	648,737	603,431
Impairment of assets	-	2,220
Loss (gain) on sales of properties, net	(42,683)	(249,002)
Noncontrolling interests	(29,618)	(29,363)
Unconsolidated entities	55,019	64,433
Funds from operations	$ 889,562	$ 1,077,132
Average common shares outstanding:		
Basic	299,137	346,425
Diluted	300,645	347,547
Per share data:		
Net income attributable to common stockholders		
Basic	$ 0.86	$ 1.98
Diluted	0.86	1.97
Funds from operations		
Basic	$ 2.97	$ 3.11
Diluted	2.96	3.10

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	September 30, 2015
Net income	$ 65,200	$ 87,854	$ 152,771	$ 206,474	$ 209,422	$ 330,459	$ 199,257
Interest expense	120,956	121,099	118,435	120,707	121,080	118,861	121,130
Income tax expense (benefit)	2,260	1,569	(10,198)	5,101	(304)	7,417	(3,344)
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829	208,802	205,799
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539	$ 522,842
Interest Coverage Ratio:							
Interest expense	$ 120,956	$ 121,099	$ 118,435	$ 120,707	$ 121,080	$ 118,861	$ 121,130
Non-cash interest expense	(330)	(1,649)	(547)	100	(119)	4,202	(3,791)
Capitalized interest	1,605	1,700	1,779	2,066	2,387	2,060	1,865
Total interest	122,231	121,150	119,667	122,873	123,348	125,123	119,204
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539	$ 522,842
Interest coverage ratio	3.45x	3.51x	3.86x	4.29x	4.21x	5.32x	4.39x
Fixed Charge Coverage Ratio:							
Total interest	$ 122,231	$ 121,150	$ 119,667	$ 122,873	$ 123,348	$ 125,123	$ 119,204
Secured debt principal payments	15,455	15,803	14,549	16,473	15,630	17,336	15,817
Preferred dividends	16,353	16,352	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	151,373
EBITDA	$ 421,734	$ 424,971	$ 461,978	$ 527,675	$ 519,027	$ 665,539	$ 522,842
Fixed charge coverage ratio	2.74x	2.77x	3.07x	3.39x	3.34x	4.19x	3.45x

	Nine Months Ended	
EBITDA Reconciliations:	September 30, 2014	September 30, 2015
Net income	$ 305,825	$ 739,134
Interest expense	360,491	361,071
Income tax expense (benefit)	(6,369)	3,769
Depreciation and amortization	648,737	603,431
EBITDA	$ 1,308,684	$ 1,707,405
Interest Coverage Ratio:		
Interest expense	$ 360,491	$ 361,071
Non-cash interest expense	(2,527)	291
Capitalized interest	5,084	6,311
Total interest	363,048	367,673
EBITDA	$ 1,308,684	$ 1,707,405
Interest coverage ratio	3.60x	4.64x
Fixed Charge Coverage Ratio:		
Total interest	$ 363,048	$ 367,673
Secured debt principal payments	45,807	48,783
Preferred dividends	49,057	49,055
Total fixed charges	457,912	465,511
EBITDA	$ 1,308,684	$ 1,707,405
Fixed charge coverage ratio	2.86x	3.67x

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	September 30, 2015
Net income	$ 131,682	$ 212,355	$ 331,524	$ 512,300	$ 656,518	$ 899,126	$ 945,612
Interest expense	472,827	483,082	484,975	481,197	481,321	479,083	481,778
Income tax expense (benefit)	6,987	7,341	(5,934)	(1,267)	(3,832)	2,016	8,870
Depreciation and amortization	920,156	934,128	892,117	844,130	799,641	793,994	798,823
Stock-based compensation expense	17,336	29,320	29,635	32,075	33,462	30,416	31,622
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	41,356
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099	$ 2,308,061
Adjusted Fixed Charge Coverage Ratio:							
Interest expense	$ 472,827	$ 483,082	$ 484,975	$ 481,197	$ 481,321	$ 479,083	$ 481,778
Capitalized interest	6,700	7,014	7,087	7,150	7,931	8,292	8,378
Non-cash interest expense	(880)	(1,292)	(2,790)	(2,427)	(2,215)	3,636	392
Total interest	478,647	488,804	489,272	485,920	487,037	491,011	490,548
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099	$ 2,308,061
Adjusted interest coverage ratio	3.24x	3.41x	3.56x	3.86x	4.09x	4.58x	4.71x
Total interest	$ 478,647	$ 488,804	$ 489,272	$ 485,920	$ 487,037	$ 491,011	$ 490,548
Secured debt principal payments	60,341	62,867	62,119	62,280	62,455	63,988	65,256
Preferred dividends	66,088	65,838	65,588	65,408	65,408	65,408	65,408
Total fixed charges	605,076	617,509	616,979	613,608	614,900	620,407	621,212
Adjusted EBITDA	$ 1,550,349	$ 1,668,118	$ 1,740,969	$ 1,877,993	$ 1,992,218	$ 2,248,099	$ 2,308,061
Adjusted fixed charge coverage ratio	2.56x	2.70x	2.82x	3.06x	3.24x	3.62x	3.72x

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	September 30, 2015
Total revenues:							
Triple-net	$ 245,580	$ 256,439	$ 259,249	$ 266,600	$ 282,988	$ 299,149	$ 305,450
Seniors housing operating	456,319	468,914	483,791	488,546	494,561	539,805	547,081
Outpatient medical	99,893	101,017	104,377	112,144	116,606	118,176	126,444
Non-segment/corporate	15	76	106	479	22	39	22
Total revenues	801,807	826,446	847,523	867,769	894,177	957,169	978,997
Property operating expenses:							
Triple-net	243	447	41	-	-	-	-
Seniors housing operating	308,184	310,029	320,895	327,200	338,507	360,569	368,050
Outpatient medical	33,004	33,278	34,221	35,815	37,954	37,785	40,653
Total property operating expenses	341,431	343,754	355,157	363,015	376,461	398,354	408,703
Net operating income:							
Triple-net	245,337	255,992	259,208	266,600	282,988	299,149	305,450
Seniors housing operating	148,135	158,885	162,896	161,346	156,054	179,236	179,031
Outpatient medical	66,889	67,739	70,156	76,329	78,652	80,391	85,791
Non-segment/corporate	15	76	106	479	22	39	22
NOI	460,376	482,692	492,366	504,754	517,716	558,815	570,294
Reconciling items:							
Interest expense	(120,833)	(121,065)	(118,435)	(120,707)	(121,080)	(118,861)	(121,130)
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)	(205,799)
General and administrative	(32,865)	(51,660)	(30,803)	(27,616)	(35,138)	(38,474)	(36,950)
Transaction costs	(952)	(7,040)	(13,554)	(47,991)	(48,554)	(12,491)	(9,333)
Gain (loss) on extinguishment of debt, net	148	(531)	(2,692)	(6,484)	(15,401)	(18,887)	(584)
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)	3,344
Income (loss) from unconsolidated entities	(5,556)	(11,516)	(2,632)	(7,722)	(12,648)	(2,952)	(2,631)
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	2,046
Preferred dividends	(16,353)	(16,352)	(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)	(862)
	(410,354)	(410,863)	(356,111)	(316,118)	(326,917)	(246,242)	(388,251)
Net income (loss) attributable to common stockholders	$ 50,022	$ 71,829	$ 136,255	$ 188,636	$ 190,799	$ 312,573	$ 182,043

	Nine Months Ended	
NOI Reconciliations:	September 30, 2014	September 30, 2015
Total revenues:		
Triple-net	$ 761,267	$ 887,588
Seniors housing operating	1,409,024	1,581,445
Outpatient medical	305,288	361,226
Non-segment/corporate	198	83
Total revenues	2,475,777	2,830,342
Property operating expenses:		
Triple-net	732	-
Seniors housing operating	939,108	1,067,127
Outpatient medical	100,502	116,392
Total property operating expenses	1,040,342	1,183,519
Net operating income:		
Triple-net	760,535	887,588
Seniors housing operating	469,916	514,318
Outpatient medical	204,786	244,834
Non-segment/corporate	198	83
NOI	1,435,435	1,646,823
Reconciling items:		
Interest expense	(360,334)	(361,071)
Gain (loss) on derivatives, net	(400)	58,427
Depreciation and amortization	(648,737)	(603,431)
General and administrative	(115,327)	(110,562)
Transaction costs	(21,546)	(70,379)
Gain (loss) on extinguishment of debt, net	(3,075)	(34,872)
Impairment of assets	-	(2,220)
Other expenses	(10,262)	(10,583)
Income tax benefit (expense)	6,369	(3,769)
Income (loss) from unconsolidated entities	(19,705)	(18,231)
Income (loss) from discontinued operations, net	7,135	-
Gain (loss) on real estate dispositions, net	36,272	249,002
Preferred dividends	(49,057)	(49,055)
Loss (income) attributable to noncontrolling interests	1,339	(4,666)
	(1,177,328)	(961,410)
Net income (loss) attributable to common stockholders	$ 258,107	$ 685,413

		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	September 30, 2015
Net operating income from continuing operations:								
Triple-net		$ 245,337	$ 255,992	$ 259,208	$ 266,600	$ 282,988	$ 299,149	$ 305,450
Seniors housing operating		148,135	158,885	162,896	161,346	156,054	179,236	179,031
Outpatient medical		66,889	67,739	70,156	76,329	78,652	80,390	85,791
Total		460,361	482,616	492,260	504,275	517,694	558,775	570,272
Adjustments:								
Triple-net:								
Non-cash NOI on same store properties		(13,022)	(19,354)	(20,189)	(19,688)	(22,241)	(22,838)	(22,377)
NOI attributable to non same store properties		(31,401)	(32,841)	(34,393)	(40,925)	(53,731)	(66,450)	(71,488)
Subtotal		(44,423)	(52,195)	(54,582)	(60,613)	(75,972)	(89,288)	(93,865)
Seniors housing operating:								
Non-cash NOI on same store properties		266	266	261	252	251	253	250
NOI attributable to non same store properties		(117)	(1,705)	(2,432)	(5,386)	(9,034)	(23,155)	(25,153)
Subtotal		149	(1,439)	(2,171)	(5,134)	(8,783)	(22,902)	(24,903)
Outpatient medical:								
Non-cash NOI on same store properties		(2,226)	(2,190)	(1,744)	(1,560)	(1,262)	(1,577)	(1,299)
NOI attributable to non same store properties		(4,138)	(4,565)	(7,503)	(13,121)	(15,277)	(16,217)	(22,258)
Subtotal		(6,364)	(6,755)	(9,247)	(14,681)	(16,539)	(17,794)	(23,557)
Same store cash net operating income:	Properties							
Triple-net	584	200,914	203,797	204,626	205,987	207,016	209,861	211,586
Seniors housing operating	279	148,284	157,446	160,725	156,212	147,271	156,334	154,128
Outpatient medical	178	60,525	60,984	60,909	61,648	62,113	62,596	62,234
Total	1,041	$ 409,723	$ 422,227	$ 426,260	$ 423,847	$ 416,400	$ 428,791	$ 427,948

Same Store Cash NOI Property Reconciliation:	
Total Properties	1,353
Acquisitions	(263)
Developments	(21)
Held-for-sale	(14)
Other[(1)]	(14)
Same store properties	1,041

(1) Includes eleven land parcels and three loans.

		Nine Months Ended	
Same Store Cash NOI Reconciliations:		September 30, 2014	September 30, 2015
Net operating income from continuing operations:			
Triple-net		$ 760,535	$ 887,588
Seniors housing operating		469,916	514,318
Outpatient medical		204,786	244,834
Total		1,435,237	1,646,740
Adjustments:			
Triple-net:			
Non-cash NOI on same store properties		(52,564)	(67,456)
NOI attributable to non same store properties		(98,635)	(191,669)
Subtotal		(151,199)	(259,125)
Seniors housing operating:			
Non-cash NOI on same store properties		793	754
NOI attributable to non same store properties		(4,254)	(57,339)
Subtotal		(3,461)	(56,585)
Outpatient medical			
Non-cash NOI on same store properties		(6,160)	(4,137)
NOI attributable to non same store properties		(16,207)	(53,753)
Subtotal		(22,367)	(57,890)
Same store cash net operating income:	Properties		
Triple-net	584	609,336	628,463
Seniors housing operating	279	466,455	457,733
Outpatient medical	178	182,419	186,944
Total	1,041	$ 1,258,210	$ 1,273,140

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 additional rules (proposed and final) which could impact our tenants and operators.

- On August 4, 2015, CMS published a final rule regarding fiscal year 2016 ("FY16") Medicare payment rates for skilled nursing facilities ("SNFs"). Under the rule, CMS projects that aggregate payments to SNFs will increase by $430 million, or 1.2%, from payments in fiscal year 2015.
- On August 17, 2015, CMS published a final rule regarding FY16 Medicare payment rates for Long-Term Care Hospitals ("LTCHs"). Under the rule, standard LTCH Prospective Payment System ("PPS") rates will increase 1.7%. 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 to 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 (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. Most recently, OIG issued a report in September 2015 calling for reevaluation of the Medicare payment system for SNFs. In particular, OIG found that Medicare payments for therapy greatly exceeded SNFs' costs for therapy, and that, under the current payment system, SNFs increasingly billed for the highest level of therapy even though key beneficiary characteristics remained largely the same. OIG determined that its findings demonstrated the need for CMS to reevaluate the Medicare SNF payment system, concluding that payment reform could save Medicare billions of dollars and encourage SNFs to provide services that are better aligned with beneficiaries' care needs. 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 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.

<u>Canada</u>

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).

Other Related Laws

Privacy

Privacy laws in Canada are consent-based and require the implementation of a privacy program involving policies, procedures and the designation of an individual or team with primary responsibility for a custodian's privacy law compliance. Mandatory breach notification, to the affected individuals, is a requirement under some laws and amendments have been passed or proposed, but are not yet in effect, requiring breach notification to the applicable privacy regulator under some laws. Some laws require notification where personal health information/personal information is processed or stored outside of Canada. One provincial law (in Quebec) provides for fines where an organization fails to perform required due diligence before outsourcing activities involving personal information to a service provider outside of the province.

The powers of privacy regulators and penalties for violations of privacy law vary according to the applicable law or are left to the courts. To date, penalties have generally not been monetary, although that may change depending on decisions in connection with class actions. Regulators have the authority to make public the identity of a health information custodian that has been found to have committed a breach, so that there is a reputational risk associated with privacy law violations even where no monetary damages are incurred. The notification of patients (as mentioned above, mandatory under some privacy laws and a best practice in other jurisdictions) and other activities required to manage a privacy breach can give rise to significant costs.

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):

	September 30, 2015		December 31, 2014	
	Principal balance	Change in fair value	Principal balance	Change in fair value
Senior unsecured notes	$ 7,287,915	$ (500,331)	$ 7,101,655	$ (547,358)
Secured debt	2,567,571	(81,472)	2,673,480	(93,580)
Totals	$ 9,855,486	$ (581,803)	$ 9,775,135	$ (640,938)

Our variable rate debt, including our primary unsecured credit facility, is reflected at fair value. At September 30, 2015, we had $1,554,751,000 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 $15,548,000. 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 September 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):

	September 30, 2015		December 31, 2014	
	Carrying Value	Change in fair value	Carrying Value	Change in fair value
Foreign currency forward contracts(1)	$ 76,326	$ 2,091	$ 54,247	$ 4,242
Debt designated as hedges	1,774,540	13,000	1,851,189	13,000
Totals	$ 1,850,866	$ 15,091	$ 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***

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
July 1, 2015 through July 31, 2015	-	$ -		
August 1, 2015 through August 31, 2015	246	65.08		
September 1, 2015 through September 30, 2015	-	-		
Totals	246	$ 65.08		

(1) During the three months ended September 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***
On October 29, 2015, the Board of Directors of the company amended the company's by-laws to reflect the change of its name from Health Care REIT, Inc. to Welltower Inc.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the full text of the company's Fifth Amended and Restated By-Laws, a copy of which is filed herewith as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. ***Exhibits***
1.1 Form of Amendment No. 2, dated August 5, 2015, to the Equity Distribution Agreements entered into by and between the company and each of UBS Securities LLC, KeyBanc Capital Markets Inc. and Credit Agricole Securities (USA) Inc. (filed with the Securities and Exchange Commission as Exhibit 1.3 to the company's Form 8-K filed August 5, 2015, and incorporated herein by reference thereto).
3.1 Certificate of Amendment of Second Restated Certificate of Incorporation of the company (filed with the Securities and Exchange Commission as Exhibit 3.1 to the company's Form 8-K filed September 30, 2015, and incorporated herein by reference thereto).
3.2 Fifth Amended and Restated By-Laws of the company.
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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* 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 September 30, 2015 and December 31, 2014, (ii) the Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2015 and 2014, (iii) the Consolidated Statements of Equity for the nine months ended September 30, 2015 and 2014, (iv) the Consolidated Statements of Cash Flows for the nine months ended September 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.

WELLTOWER INC.

Date: October 30, 2015	By: /s/ THOMAS J. DEROSA Thomas J. DeRosa, Chief Executive Officer (Principal Executive Officer)
Date: October 30, 2015	By: /s/ SCOTT A. ESTES Scott A. Estes, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: October 30, 2015	By: /s/ PAUL D. NUNGESTER, JR. Paul D. Nungester, Jr., Senior Vice President and Controller (Principal Accounting Officer)

FIFTH AMENDED AND RESTATED BY-LAWS OF WELLTOWER INC.

Set forth below are the Fifth Amended and Restated By-Laws of Welltower Inc., a Delaware corporation (the "Corporation"), as adopted by the Board of Directors of the Corporation effective as of October 29, 2015.

ARTICLE I
OFFICES

Section 1. *Registered Office*. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. *Other Offices*. The Corporation may also have offices in Toledo, Ohio, and at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

Section 3. *Corporate Seal*. The corporate seal of the Corporation shall be in the form of a circle and shall state within the circle, "Welltower Inc., Toledo, Ohio" and the words "Corporate Seal" in the middle of the seal.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. *Place of Meetings*. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such place in the City of Toledo, Ohio, or at such other place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

Section 2. *Participation by Remote Communication*. If authorized by the Board of Directors and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation. If the Board of Directors elects to authorize participation at a meeting of stockholders by remote communication, the Board of Directors may also elect in its sole discretion that the meeting shall not be held at any place, but will instead be held solely by means of remote communication as authorized pursuant to this section.

Section 3. *Annual Meetings*. Annual Meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting in accordance with the requirements of Section 4 below. Written notice of the Annual Meeting stating the place, if any, date and hour of the meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. At each Annual Meeting, the Chief Executive Officer or any other person appointed by the Board of Directors in his or her absence shall report on the business and operations of the Corporation and present a statement of the financial condition of the Corporation as of the close of the fiscal year next preceding such Annual Meeting.

Section 4. *Proposals for Business at Annual Meetings*. At any Annual Meeting of stockholders, only such business shall be conducted as shall have been (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder who was a stockholder of record at the time of the giving of the notice provided for in this section and who is entitled to vote at such meeting. In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, and (ii) such business must be a proper matter for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice must have been delivered to or mailed and received at the principal executive offices of the Corporation not more than 120 days prior to the meeting and not less than 45 days before the date on which the Corporation first mailed or otherwise gave notice for the prior year's Annual Meeting of stockholders, provided that, if during the prior year the Corporation did not hold an Annual Meeting, or if the date of the Annual Meeting for the current year has changed more than 30 days from the date of the Annual Meeting in the prior year, then notice must have been received by the Corporation not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was given or made, whichever first occurs.

A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class or series and number of shares of the Corporation that are owned beneficially or of record by the stockholder, (iv) a description of all arrangements and understandings between the stockholder and any other person or persons (including their names) in connection with the proposal of such business by the stockholder and any material interest of the stockholder in such business, and (v) a representation that the stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting. Any nominations by stockholders of persons for election to the Board of Directors must satisfy the requirements of Section 5 of Article III of these By-Laws.

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at an Annual Meeting except in accordance with the procedures set forth in this section. The officer of the Corporation presiding at an Annual Meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this section and that such business shall be disregarded.

Section 5. *Special Meetings*. Special Meetings of stockholders shall be called as provided by the Certificate of Incorporation. Written notice of a Special Meeting stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. Business transacted at all Special Meetings shall be confined to the purposes stated in the notice for the meeting.

Section 6. *Quorum*. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 7. *Voting*. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, (i) any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat, and (ii) each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot. If authorized by the Board of Directors, any such requirement of a written ballot may be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Section 8. *List of Stockholders Entitled to Vote*. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 9. *Stock Ledger*. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 8 of this Article II, or the books of the Corporation, or entitled to vote in person or by proxy at any meeting of stockholders.

Section 10. *Conduct of Business*. The officer of the Corporation presiding at any meeting of stockholders shall determine the order of business at the meeting and the procedures for the conduct of the meeting, including such regulation of the manner of voting and the conduct of discussions as deemed appropriate by him or her. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

ARTICLE III
DIRECTORS

Section 1. *Number of Directors*. The Board of Directors shall consist of not less than three (3) nor more than fifteen (15) members, the exact number of which shall be fixed from time to time by affirmative vote of a majority of the entire Board of Directors, subject to the rights of the holders of any class or series of preferred stock to elect directors under specified circumstances, and such exact number shall be nine (9) until otherwise determined by resolution adopted by affirmative vote of a majority of the entire Board of Directors; provided, however, that (i) the number of directors shall automatically be reduced by one whenever a director resigns, dies or is removed from office, and (ii) the number of directors shall automatically be increased by one, up to the number of directors last fixed by the Board of Directors, whenever a director is appointed by the Board of Directors pursuant to Section 6 of this Article III to replace a director who has resigned, died or been removed from office. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2. *Independent Directors*. A majority of the members of the Board of Directors shall be Independent Directors, as hereinafter defined, or such higher percentage as may be required by any stock exchange or trading market on which the Corporation shall have listed any of its securities for trading. For purposes of these By-Laws, "Independent Director" shall mean a director of the Corporation who (i) is not an officer or employee of the Corporation, (ii) satisfies all requirements for qualification as an independent director of all stock exchanges and trading markets on which the Corporation shall have listed any of its securities for trading, and (iii) satisfies such other qualification requirements as may be adopted by the Board of Directors from time to time. The Independent Directors shall have such powers and duties as specified by the Board of Directors from time to time and such additional duties as may be specified by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules and regulations thereunder, or the rules of any stock exchange or trading market on which the Corporation shall have listed any of its securities for trading.

Section 3. *Terms of Directors*. Commencing with the Annual Meeting of stockholders of the Corporation that is held in calendar year 2012 (the "2012 Annual Meeting"), all directors shall be elected to hold office for a one-year term expiring at the next Annual Meeting of stockholders of the Corporation. Directors shall hold office until their successors are duly elected and qualified or until their earlier resignation, death or removal.

Section 4. *Election of Directors*. Directors shall be elected at the Annual Meeting of stockholders, but when the Annual Meeting is not held or directors are not elected thereat, they may be elected at a Special Meeting called and held for that purpose. Such election shall be by ballot whenever requested by any stockholder entitled to vote at such election; but, unless a request is made, the election may be conducted in any manner approved at such meeting. Except as provided in Section 6 of this Article III, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, provided that if as of a date that is fourteen (14) days in advance of the date the Corporation files its definitive proxy statement (regardless of whether or not it is thereafter revised or supplemented) with the Securities and Exchange Commission the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section 4, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" or "withheld" that director. Abstentions and broker non-votes will not count as a vote cast with respect to a director's election. From time to time, the Nominating/Corporate Governance Committee will establish procedures under which any incumbent director who is not elected shall offer to tender his or her resignation to the Board, including making a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. In such a case, the Board will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. Directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified. In order to serve as a director of the Corporation, persons need to be the beneficial owner of at least 100 shares of the Corporation's Common Stock, or such other amount as the Board of Directors may determine from time to time by resolution.

Section 5. _Nomination of Directors_. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors by the stockholders. Nominations of persons for election to the Board of Directors at an Annual Meeting or a Special Meeting called for the election of directors may be made at the meeting (i) by or at the direction of the Board of Directors or a nominating committee of the Board of Directors, or (ii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who has given timely notice of such nomination in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must have been delivered to or mailed and received at the principal executive offices of the Corporation not more than 120 days prior to the meeting and not less than 45 days before the date on which the Corporation first mailed or otherwise gave notice for the prior year's Annual Meeting of stockholders, provided that, if during the prior year the Corporation did not hold an Annual Meeting, or if the date of the Annual Meeting for the current year has changed more than 30 days from the date of the Annual Meeting in the prior year, or if directors are to be elected at a Special Meeting, then notice must have been received by the Corporation not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was given or made, whichever first occurs.

A stockholder's notice to the Secretary under this section shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (1) the name, age, business address and, if known, residence address of the nominee, (2) the principal occupation or employment of the nominee for at least the last five years and a description of the qualifications of the nominee, (3) the class or series and number of shares of the Corporation that are owned beneficially or of record by the nominee, and (4) any other information relating to the nominee that is required to be disclosed in solicitations for proxies for election of directors under Regulation 14A of the Exchange Act, together with a written statement from the nominee that he or she is willing to be nominated and desires to serve, if elected; and (b) as to the stockholder giving the notice, (1) his or her name and record address, together with the name and address of any other stockholder known to be supporting the nominee, and (2) the class or series and number of shares of the Corporation that are owned beneficially or of record by the stockholder making the nomination and by any other supporting stockholders. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation.

No person shall be eligible for election as a director of the Corporation by the stockholders unless nominated in accordance with the procedures set forth herein. The officer of the Corporation presiding at the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure and that the defective nomination shall be disregarded.

Section 6. _Vacancies_. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any directors chosen in accordance with the preceding sentence shall hold office for a term expiring at the next Annual Meeting of stockholders of the Corporation held after such appointment and until their successors shall be elected and qualified or until their earlier resignation, death or removal. Solely for purposes of this section, vacancies in the Board of

Directors shall be deemed to include any reductions in the number of directors pursuant to Section 1 of this Article III as a result of the resignation, death or removal from office of one or more directors. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 7. _Removal of Directors_. Until the 2012 Annual Meeting, a director may be removed from office only for good cause at a meeting of stockholders upon the affirmative vote of holders of at least a majority of the shares of capital stock of the Corporation, issued, outstanding and entitled to vote generally in the election of directors, provided that notice of such proposed action shall have been given in the notice calling for such meeting. As used in this section, good cause shall mean conviction of a felony by a court of competent jurisdiction, or a determination by a court of competent jurisdiction of negligence or misconduct in the performance of such director's duties to the Corporation in a matter determined by the Board of Directors to be of substantial importance to the Corporation.

Section 8. _Resignation of Directors_. Any director may resign at any time upon written notice to the Corporation. Such resignation will take effect upon receipt thereof by the Corporation unless otherwise stated in the resignation.

Section 9. _Duties and Powers_. The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 10. _Meetings_. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. There shall be at least four (4) regular meetings each year. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, the Secretary, or any three of the directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director not less than twenty-four (24) hours before the meeting, provided that notice shall be given to each director not less than three (3) days before a meeting if notice is given only by mail.

Section 11. _Quorum_. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 12. _Actions of the Board_. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission. Any such writing or writings or electronic transmission or transmissions shall be filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 13. _Meetings by Means of Conference Telephone_. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 13 shall constitute presence in person at such meeting.

Section 14. _Committees_. The Board of Directors may, by resolution adopted by a majority of the entire Board of Directors, designate from among its members one or more committees. The Board of Directors shall designate such committees as may be required from time to time by any stock exchange or trading market on which the Corporation shall have listed any of its securities for trading. Each committee must have one or more members, or such minimum number as may be required under the then current rules of any stock exchange or trading market on which the Corporation shall have listed any of its securities for trading, with each member having such qualifications as may be required by any such stock exchange or trading market and such additional qualifications as may be required by the Board of Directors from time to time by organizational charter for the committee or otherwise. Committee members shall serve at the discretion of the Board of

Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, provided that any such alternate member satisfies the qualification requirements for service on the committee. The sections of these By-Laws that govern the Board of Directors with respect to notice of meetings, waiver of notice, quorum, voting, and action without a meeting shall apply as well to committees of the Board of Directors and their members. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

A committee of the Board of Directors, to the extent provided by resolution of the Board of Directors in adopting an organizational charter for the committee or otherwise by resolution of the Board of Directors, may have and exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law, the Certificate of Incorporation or these By-Laws to be submitted to stockholders for approval, or (ii) altering, amending or repealing, in whole or in part, these By-Laws.

Unless otherwise provided in the Certificate of Incorporation, these By-Laws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

Section 15. _Director Compensation_. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and a stated annual sum or other compensation for service as director. Members of special or standing committees may be allowed like compensation for such additional service, including additional compensation for service as a committee chair.

ARTICLE IV
OFFICERS

Section 1. _General_. The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board of Directors, a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose one or more Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. _Election_. The Board of Directors at its first meeting held after each Annual Meeting of stockholders shall elect the officers of the Corporation, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the entire Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The compensation of all officers of the Corporation shall be fixed by the Board of Directors or pursuant to such procedure as established by the Board of Directors.

Section 3. _Voting Securities Owned by the Corporation_. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board, the President, or any Vice-President. Any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation, partnership, trust or other entity in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. _Chairman of the Board of Directors_. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall, unless otherwise designated by the Board of Directors, be the Chief Executive Officer of the Corporation and have general supervision of the business of the Corporation. The Chairman of the Board shall see that all orders and resolutions of the Board of Directors are carried into effect and shall possess the power to sign all contracts, certificates and other instruments of the Corporation that may be authorized by the Board of Directors. The Chairman of the Board of

Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these By-Laws or by the Board of Directors.

Section 5. *President*. The President shall, subject to the control of the Board of Directors and the Chairman of the Board of Directors, have general supervision of the operations of the Corporation and shall see that all orders and resolutions of the Board of Directors and the Chairman of the Board are carried into effect. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these By-Laws or by the Board of Directors.

Section 6. *Vice-Presidents*. In the absence or disability of the President and at the request of the Chairman of the Board of Directors, the Vice-President or the Vice-Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice-President shall perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board of Directors from time to time may prescribe. If there be no Vice-President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. *Secretary*. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose. The Secretary shall also perform like duties for the standing committees when requested. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chairman of the Board of Directors. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the Chairman of the Board of Directors may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation, if any, and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation, if any, and to attest the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. *Treasurer*. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board of Directors and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office and for the restoration to the Corporation, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 9. *Assistant Secretaries*. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, any Vice-President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. *Assistant Treasurers*. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, a Vice-President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his or her disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office and for the restoration to the Corporation, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 11. *Other Officers*. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V
STOCK

Section 1. *Certificates*. Certificates for shares of each class or series of the Corporation's stock shall be in such form as the Board of Directors may, from time to time, determine by resolution. The Board of Directors also may, from time to time, determine by resolution that shares of any class or series may be or shall be held in uncertificated form. With respect to certificated shares, every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice-President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. *Signatures*. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 3. *Lost Certificates*. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or the owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. *Transfers*. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock represented by a certificate shall be made on the books of the Corporation only by the person named in the certificate or by his or her attorney lawfully constituted in writing and upon the surrender of the certificate therefor, duly executed for Transfer, which certificate shall be cancelled before a new certificate or evidence of uncertificated shares shall be issued. Transfers of uncertificated shares shall be made on the books of the Corporation only by the stockholder of record of the uncertificated shares or by his or her attorney lawfully constituted in writing upon receipt of proper transfer instructions duly executed in accordance with requirements and procedures established by the Board of Directors.

Section 5. *Record Date*. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date shall be adopted by the Board of Directors and which shall not be more than sixty days nor less than twenty days before the date of such meeting of stockholders, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. *Beneficial Owners*. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall be entitled to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not the Corporation shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI
RESTRICTIONS ON ISSUANCE AND TRANSFER OF STOCK

Section 1. *Certain Definitions*. For purposes of this Article:

(a) "Beneficial Ownership" of Securities of the Corporation by any Person shall mean ownership of Securities by such Person, whether the interest in the Securities is held directly or indirectly (including by a nominee) and, with respect to any Person but without effect on the determination of the Beneficial Ownership of any Securities by any other Person, shall also include any deemed ownership of any Securities through the application of Section 544 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), as modified by Section 856(h)(1)(B) of the Internal Revenue Code, provided that a Person engaged in business as an underwriter of Securities who acquires Securities through participation in a firm commitment underwriting registered under the Securities Act of 1933, as amended, shall not be considered the beneficial owner of such Securities for purposes of limitations under this Article VI. The Board of Directors of the Corporation shall have the power to determine for purposes of this Article, on the basis of information then known to it, the Beneficial Ownership of any Person of Securities of the Corporation.

(b) "Convertible Securities" means any debt or equity securities of the Corporation or any contract rights that are convertible into, or afford rights to purchase, shares of any class of capital stock of the Corporation.

(c) "Market Value" means, for shares of any class or series of capital stock with a regular trading market, the closing price for such shares on the next preceding business day and, for any shares of any class or series of capital stock without a regular trading market, such value per share as determined in good faith by the Board of Directors of the Corporation for purposes of this Article, provided that, until any such determination, the Market Value for shares of any class or series of preferred stock shall be deemed to be the stated value per share as stated in the Certificate of Designation for such shares.

(d) "Person" includes an individual, corporation, limited liability company, partnership, association, joint stock company, trust, unincorporated association or other entity and also includes a "group" within the meaning of Section 13(d)(3) of the Exchange Act.

(e) "Securities" means shares of capital stock of the Corporation and any Convertible Securities.

Section 2. *Limit on Stock Ownership*. No Person may have Beneficial Ownership of more than 9.8% of the outstanding shares of the Corporation's common stock (the "Common Stock Limit") or shares of any class of the Corporation's capital stock with an aggregate Market Value exceeding 9.8% of the aggregate Market Value of all outstanding shares of all classes of the Corporation's capital stock (the "Aggregate Value Limit"). No Securities may be issued or transferred to or for the benefit of any Person if, following such issuance or transfer, such Person's Beneficial Ownership of capital stock of the Corporation would exceed the Common Stock Limit or the Aggregate Value Limit. For purposes of the application of such limitations to any Person, any Convertible Securities Beneficially Owned by such Person shall be treated as if all of the capital stock conversion or purchase rights thereof had been exercised.

Section 3. *Transfers in Excess of the Limit*. If any Securities are issued or transferred to or for the benefit of any Person in violation of Section 2 hereof, such issuance or transfer shall be valid only with respect to such amount of the Securities as does not result in a violation of Section 2 hereof, and such issuance or transfer shall be null and void with respect to the remainder of such Securities (the "Excess Securities"). If the last clause of the foregoing sentence is determined to be invalid by virtue of any legal decision, statute, rule or regulation, such Person shall be conclusively deemed to have acted as an agent on behalf of the Corporation in acquiring the Excess Securities to hold such Excess Securities on behalf of the Corporation. As the equivalent of treasury securities for such purposes, the Excess Securities shall not be entitled to any voting rights, shall not be considered to be outstanding for quorum or voting purposes, and shall not be entitled to receive dividends, interest or any other distribution with respect to such securities. Any Person who receives dividends, interest or any other distribution in respect of Excess Securities shall hold the same as agent for the Corporation and for the transferee of the Excess Securities following a permitted transfer.

Section 4. *Transfers of Excess Securities*. Notwithstanding anything herein to the contrary, any holder of Excess Securities may transfer the same (together with any distributions thereon) to any Person who, following such transfer, would not have Beneficial Ownership of Securities of the Corporation in excess of either the Common Stock Limit or the Aggregate Value Limit. Upon such a permitted transfer, the Corporation shall pay or distribute to the transferee any distributions on the Excess Securities not previously paid or distributed.

Section 5. *Additional Restrictions*. Notwithstanding anything herein to the contrary, the Corporation and its transfer agent may refuse to transfer any shares of capital stock of the Corporation, whether by voluntary transfer, by operation of law, or under the last will and testament of any stockholder, if such transfer would or might, in the opinion of the Board of Directors or counsel to the Corporation, disqualify the Corporation from taxation as a real estate investment trust under the Internal Revenue Code. Nothing herein contained shall limit the ability of the Corporation to impose or to seek judicial or other imposition of additional restrictions if deemed necessary or advisable to preserve the Corporation's tax status as a qualified real estate investment trust.

Section 6. *Exemption Determinations by the Board of Directors*. The Board of Directors of the Corporation may grant limited exemptions from the restrictions under this Article VI with respect to specified Persons so as to permit such Persons' Beneficial Ownership of capital stock of the Corporation to exceed the Common Stock Limit or the Aggregate Value Limit by such amounts as specified by the Board of Directors upon an affirmative determination by the Board of Directors that each such limited exemption for a specified Person is in the best interests of the Corporation and its stockholders.

Section 7. *Certificate Legend*. All certificates representing Securities of the Corporation within the meaning of this Article shall, unless deemed unnecessary by the Board of Directors, be marked with a legend sufficient under the laws of the State of Delaware to provide a purchaser of such Securities with notice of the restrictions on transfer under this Article VI.

Section 8. *Invalidity of Provisions*. If any provision of this Article or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issue, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

Section 9. *New York Stock Exchange Transactions*. Nothing in this Article VI, including but not limited to Section 5, shall preclude the settlement of any transactions entered into through the facilities of the New York Stock Exchange or any other stock exchange or automatic quotation system of a national securities association. The fact that settlement of any transaction takes place shall not, however, negate the effect of any provision of this Article VI, and any transferee, and the shares of capital stock transferred to such transferee in such a transaction, shall be subject to all of the provisions and limitations in this Article VI.

ARTICLE VII
BUSINESS COMBINATIONS

Section 1. *Vote Requirement*. In addition to any vote otherwise required by law, the Certificate of Incorporation, or these By-Laws, a Business Combination, as defined herein, shall require the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class.

Section 2. *Exceptions*. The provisions of Section 1 of this Article VII shall not apply to any Business Combination if:

(a) The Corporation is at the time of the consummation of the Business Combination, and at all times throughout the preceding twelve months has been, directly or indirectly, the owner of a majority of each class of the outstanding Equity Securities, as defined herein, of the Interested Stockholder, as defined herein, that is a party to such transaction; or

(b) Such Business Combination has been approved by a majority of the Board of Directors who, at the time such approval is given, were not Affiliates, as defined herein, or nominees of the Interested Stockholder; or

(c) Both of the following conditions have been met:

(i) The aggregate amount of the cash and the Fair Market Value, as defined herein, of consideration other than cash to be received per share by holders of Voting Stock in such Business Combination shall be at least equal to the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Voting Stock acquired by it (1) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination or (2) in the transaction in which it became an Interested Stockholder, whichever is higher; and

(ii) The consideration to be received by holders of a particular class of outstanding Voting Stock shall be in cash or in the same form as the Interested Stockholder previously paid for shares of such Voting Stock. If the Interested Stockholder paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration to be paid by the Interested Stockholder for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by the Interested Stockholder.

Section 3. *Definitions*. For purposes of this Article VII:

(a) “Affiliate” or “Associate” shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended.

(b) “Beneficial Owner” or “beneficially owned” shall have the meaning set forth in Rule 13d-3 under the Exchange Act. The Board of Directors of the Corporation shall have the power and duty to determine for purposes of this Article, on the basis of information then known to it, whether any person is a beneficial owner of 5% or more of the outstanding Voting Stock.

(c) A “Business Combination” shall mean:

(i) Any merger or consolidation of the Corporation with or into (1) any Interested Stockholder (as hereinafter defined) or (2) any other corporation or entity (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as herein defined) of an Interested Stockholder; or

(ii) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or an Affiliate of any Interested Stockholder of substantially all assets of the Corporation; or

(iii) Any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) that has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of Equity Securities of the Corporation that is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder; or

(iv) The adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder.

(d) “Equity Securities” shall have the meaning specified in Rule 13a11-1 under the Exchange Act.

(e) “Fair Market Value” shall mean the fair market value of such property on the date in question as determined by the Board of Directors in good faith.

(f) “Interested Stockholder” shall mean any individual, firm, corporation (other than the Corporation) or other entity that, as of the record date for the determination of stockholders entitled to notice of and to vote on any of the transactions described in clauses (i) through (iv) of subsection (c) of this Section 3, or immediately prior to the consummation of any such transaction, is the Beneficial Owner of five percent (5%) or more of the outstanding Voting Stock.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. *Dividends*. Dividends upon the capital stock of the Corporation, subject to the restrictions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. *Disbursements*. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. *Fiscal Year*. The fiscal year of the Corporation shall be a calendar year unless otherwise fixed by resolution of the Board of Directors.

Section 4. *Books and Records*. Subject to any provision of law or the Certificate of Incorporation, the books and records of the Corporation may be kept at such place or places in Toledo, Ohio, or other place or places, within or without the State of Delaware, as may be designated from time to time by the Board of Directors of the Corporation.

Section 5. *Notices*. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws to be given to any director, member of a committee or stockholder, such notice may be given by United States mail, addressed to such director, member of a committee or stockholder, at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given (i) personally, (ii) by nationally recognized express courier service, or (iii) by electronic facsimile, electronic mail transmission, or other electronic transmission, as defined in Section 232 of the Delaware General Corporation Law, if the recipient has consented to both such means of electronic transmission and the address to which the notice is sent, which consent remains in effect. Notice given personally shall be deemed effective when given, notice given by express courier service shall be deemed to be given at the time and on the date recorded by the delivery service as the time and date of delivery, and notice by electronic transmission shall deemed to be given when sent.

Section 6. *Waiver of Notice*. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 7. *Income Tax Status*. The Corporation is a real estate investment trust, and in order for the Corporation to qualify and maintain this status, it must satisfy certain organizational and operational requirements, such as compliance with complex limitations on the type and amount of income and assets that a real estate investment trust may receive or hold. There is no guarantee, however, that the Corporation will qualify or remain qualified as a real estate investment trust in any given taxable year, and the Board of Directors has no obligation to maintain the status of the Corporation as a real estate investment trust under the Internal Revenue Code. The failure of the Corporation to qualify as a real estate investment trust under the Internal Revenue Code shall not render the directors or officers of the Corporation liable to the stockholders or to any other person.

ARTICLE IX
INDEMNIFICATION

Section 1. *Indemnification Rights of Directors and Officers*. To the full extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be enacted or amended, the Corporation shall indemnify any current or past director or officer of the Corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, trustee, partner, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, penalties, and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such threatened, pending or completed action, suit or proceeding.

Section 2. *Expenses Payable in Advance*. Expenses incurred by a current or past director or officer in defending or investigating a threatened or pending action, suit or proceeding of the nature referenced in Section 1 of this Article IX shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as provided in this Article IX.

Section 3. *Nonexclusivity of Rights*. The rights to indemnification and advancement of expenses provided by or granted pursuant to this Article IX shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise. The provisions of this Article IX shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 of this Article IX but whom the Corporation has the power or obligation to indemnify under the provisions of the Delaware General Corporation Law, or otherwise.

Section 4. *Survival of Rights*. The rights to indemnification and advancement of expenses provided by this Article IX shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article IX shall not adversely affect any rights to indemnification and advancement of expenses existing pursuant to this Article IX with respect to any acts or omissions occurring prior to such repeal or modification.

Section 5. *Limitation on Indemnification*. Notwithstanding anything contained in this Article IX to the contrary, except in connection with a claim by a person to enforce rights under this Article IX, the Corporation shall not be obligated under this Article IX to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

ARTICLE X
AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by either the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of stockholders or Board of Directors as the case may be. Any amendment by the Board of Directors must be approved by a majority of the entire Board of Directors then in office. Any amendment by the stockholders must be approved by holders of capital stock having a majority of the voting power in the election of directors of all outstanding capital stock of the Corporation voting together as a single class, provided that any amendment by the stockholders to Article III, Sections 1, 6, and 7 of these By-Laws (concerning the number of directors, vacancies in the Board of Directors, and removal of directors), Article VI of these By-Laws (concerning restrictions on issuance and transfer of stock) or Article VII of these By-Laws (concerning business combinations) must be approved by holders of capital stock having 75% of the voting power in the election of directors of all outstanding capital stock of the Corporation, voting together as a single class.

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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,					Nine Months Ended September 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	$ 275,754	$ 512,132
Fixed charges	134,905	290,240	359,947	460,918	485,762	362,891	367,673
Capitalized interest	(20,792)	(13,164)	(9,777)	(6,700)	(7,150)	(5,084)	(6,311)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,945	13,905	11,395	4,142	2,427	2,527	(291)
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	(357)	4,894	2,415	6,770	(147)	1,339	(4,666)
Earnings	$ 160,677	$ 408,078	$ 549,892	$ 567,375	$ 865,105	$ 637,427	$ 868,537
Fixed charges:							
Interest expense(1)	$ 128,058	$ 290,981	$ 361,565	$ 458,360	$ 481,039	$ 360,334	$ 361,071
Capitalized interest	20,792	13,164	9,777	6,700	7,150	5,084	6,311
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,945)	(13,905)	(11,395)	(4,142)	(2,427)	(2,527)	291
Fixed charges	$ 134,905	$ 290,240	$ 359,947	$ 460,918	$ 485,762	$ 362,891	$ 367,673
Consolidated ratio of earnings to fixed charges	1.19	1.41	1.53	1.23	1.78	1.76	2.36
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	$ 275,754	$ 512,132
Fixed charges	134,905	290,240	359,947	460,918	485,762	362,891	367,673
Capitalized interest	(20,792)	(13,164)	(9,777)	(6,700)	(7,150)	(5,084)	(6,311)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,945	13,905	11,395	4,142	2,427	2,527	(291)
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	(357)	4,894	2,415	6,770	(147)	1,339	(4,666)
Earnings	$ 160,677	$ 408,078	$ 549,892	$ 567,375	$ 865,105	$ 637,427	$ 868,537
Fixed charges:							
Interest expense(1)	$ 128,058	$ 290,981	$ 361,565	$ 458,360	$ 481,039	$ 360,334	$ 361,071
Capitalized interest	20,792	13,164	9,777	6,700	7,150	5,084	6,311
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,945)	(13,905)	(11,395)	(4,142)	(2,427)	(2,527)	291
Fixed charges	134,905	290,240	359,947	460,918	485,762	362,891	367,673
Preferred stock dividends	21,645	60,502	69,129	66,336	65,408	49,057	49,055
Combined fixed charges and preferred stock dividends	$ 156,550	$ 350,742	$ 429,076	$ 527,254	$ 551,170	$ 411,948	$ 416,728
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends	1.03	1.16	1.28	1.08	1.57	1.55	2.08

(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 Welltower 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: October 30, 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 Welltower 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: October 30, 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 Welltower 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 September 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: October 30, 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 Welltower 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 September 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: October 30, 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.