

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

FORM 10-K

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

For the fiscal year ended December 31, 2015
Commission File No. 1-8923



WELLTOWER INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

34-1096634

(I.R.S. Employer
Identification No.)

4500 Dorr Street, Toledo, Ohio

(Address of principal executive offices)

43615

(Zip Code)

(419) 247-2800

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$1.00 par value	New York Stock Exchange
6.50% Series I Cumulative Convertible Perpetual Preferred Stock, \$1.00 par value	New York Stock Exchange
6.50% Series J Cumulative Redeemable Preferred Stock, \$1.00 par value	New York Stock Exchange
4.800% Notes due 2028	New York Stock Exchange
4.500% Notes due 2034	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. R

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 Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The aggregate market value of the shares of voting common stock held by non-affiliates of the registrant, computed by reference to the closing sales price of such shares on the New York Stock Exchange as of the last business day of the registrant's most recently completed second fiscal quarter was \$23,029,716,957.

As of January 31, 2016, the registrant had 355,140,936 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the annual stockholders' meeting to be held May 5, 2016, are incorporated by reference into Part III.

WELLTOWER INC.
2015 FORM 10-K ANNUAL REPORT
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PART I

Item 1. *Business*

General

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 real estate and infrastructure needed to scale innovative care delivery models and improve people's wellness and overall health care experience. WelltowerTM, 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. More information is available on the Internet at www.welltower.com. The information on our website is not incorporated by reference in this Annual Report on Form 10-K, and our web address is included as an inactive textual reference only.

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.

Depending upon the availability and cost of external capital, we believe our liquidity is sufficient to fund operations, meet debt service obligations (both principal and interest), make dividend distributions and complete construction projects in process. 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.

References herein to "we," "us," "our" or the "Company" refer to Welltower Inc. and its subsidiaries unless specifically noted otherwise.

Portfolio of Properties

Please see "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operation – Executive Summary – Company Overview" for a table that summarizes our portfolio as of December 31, 2015.

Property Types

We invest in seniors housing and health care real estate and evaluate our business on three reportable segments: triple-net, seniors housing operating and outpatient medical. For additional information regarding our segments, please see Note 17 to our consolidated financial statements. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2 to our consolidated financial statements. The following is a summary of our various property types.

Triple-Net

Our triple-net properties include independent living facilities and independent supportive living facilities (Canada), continuing care retirement communities, assisted living facilities, care homes with and without nursing (United Kingdom), Alzheimer's/dementia care facilities, long-term/post-acute care facilities and hospitals. We invest primarily through acquisitions, development and joint venture partnerships. Our properties are primarily leased to operators under long-term, triple-net master leases. We are not involved in property management. Our properties include stand-alone facilities that provide one level of service, combination facilities that provide multiple levels of service, and communities or campuses that provide a wide range of services.

Independent Living Facilities and Independent Supportive Living Facilities (Canada). Independent living facilities and independent supportive living facilities are age-restricted, multifamily properties with central dining facilities that provide residents access to meals and other services such as housekeeping, linen service, transportation and social and recreational activities.

Continuing Care Retirement Communities. Continuing care retirement communities typically include a combination of detached homes, an independent living facility, an assisted living facility and/or a long-term/post-acute care facility on one campus. These communities appeal to residents because there is no need to relocate when health and medical needs change. Resident payment plans

vary, but can include entrance fees, condominium fees and rental fees. Many of these communities also charge monthly maintenance fees in exchange for a living unit, meals and some health services.

Assisted Living Facilities. Assisted living facilities are state regulated rental properties that provide the same services as independent living facilities, but also provide supportive care from trained employees to residents who require assistance with activities of daily living, including, but not limited to, management of medications, bathing, dressing, toileting, ambulating and eating.

Care Homes with Nursing (United Kingdom). Care homes with nursing, regulated by the Care Quality Commission are licensed daily rate or rental properties where the majority of individuals require 24-hour nursing and/or medical care. Generally, these properties are licensed for various national and local reimbursement programs. Unlike the U.S., care homes with nursing in the U.K. generally do not provide post-acute care.

Care Homes (United Kingdom). Care homes, regulated by the Care Quality Commission, are rental properties that provide essentially the same services as U.S. assisted living facilities.

Alzheimer's/Dementia Care Facilities. Certain assisted living facilities may include state-licensed settings that specialize in caring for those afflicted with Alzheimer's disease and/or other types of dementia.

Long-Term/Post-Acute Care Facilities. Our long-term/post-acute care facilities generally include skilled nursing/post-acute care facilities, inpatient rehabilitation facilities and long-term acute care facilities. Skilled nursing/post-acute care facilities are licensed daily rate or rental properties where the majority of individuals require 24-hour nursing and/or medical care. Generally, these properties are licensed for Medicaid and/or Medicare reimbursement in the U.S. or provincial reimbursement in Canada. All facilities offer some level of rehabilitation services. Some facilities focus on higher acuity patients and offer rehabilitation units specializing in cardiac, orthopedic, dialysis, neurological or pulmonary rehabilitation. Inpatient rehabilitation facilities provide inpatient services for patients with intensive rehabilitation needs. Long-term acute care facilities provide inpatient services for patients with complex medical conditions that require more intensive care, monitoring or emergency support than is available in most skilled nursing/post-acute care facilities.

Hospitals. Hospitals are acute care facilities that provide a wide range of inpatient and/or outpatient services, including, but not limited to, surgery, rehabilitation, therapy and clinical laboratories.

Our triple-net segment accounted for 31%, 31% and 31% of total revenues (including discontinued operations) for the years ended December 31, 2015, 2014 and 2013, respectively. We lease 187 facilities to Genesis Healthcare, LLC, an operator of long-term/post-acute care facilities, pursuant to a long-term, triple-net master lease. In addition to rent, the master lease requires Genesis to pay all operating costs, utilities, real estate taxes, insurance, building repairs, maintenance costs and all obligations under certain ground leases. All obligations under the master lease have been guaranteed by FC-GEN Operations Investment, LLC, a subsidiary of Genesis Healthcare, LLC. For the year ended December 31, 2015, our lease with Genesis accounted for approximately 31% of our triple-net segment revenues and 10% of our total revenues.

Seniors Housing Operating

Our seniors housing operating properties include several of the facility types described in "Item 1 – Business – Property Types – Triple-Net", including independent living facilities and independent supportive living facilities, assisted living facilities, care homes and Alzheimer's/dementia care facilities.

Properties are primarily held in consolidated joint venture entities with operating partners. We utilize the structure proposed in the REIT Investment Diversification and Empowerment Act of 2007, which is commonly referred to as a "RIDEA" structure (the provisions of the Internal Revenue Code authorizing the RIDEA structure were enacted as part of the Housing and Economic Recovery Act of 2008). See Note 18 to our consolidated financial statements for more information.

Our seniors housing operating segment accounted for 56%, 57% and 59% of total revenues (including discontinued operations) for the years ended December 31, 2015, 2014 and 2013, respectively. We have relationships with 14 operators to own and operate 388 facilities (plus 54 unconsolidated facilities). In each instance, our partner provides management services to the properties pursuant to an incentive-based management contract. We rely on our partners to effectively and efficiently manage these properties. For the year ended December 31, 2015, our relationship with Sunrise Senior Living accounted for approximately 44% of our seniors housing operating segment revenues and 25% of our total revenues.

Outpatient Medical

Our outpatient medical properties include outpatient medical buildings and, prior to June 30, 2015, life science facilities. We typically lease our outpatient medical buildings to multiple tenants and provide varying levels of property management. Our life science investment represented an investment in an unconsolidated joint venture entity. Our outpatient medical segment accounted for 13%, 12% and 13% of total revenues (including discontinued operations) for the years ended December 31, 2015, 2014 and 2013, respectively. No single tenant exceeds 20% of segment revenues.

Outpatient Medical Buildings. The outpatient medical building portfolio consists of health care related buildings that generally include physician offices, ambulatory surgery centers, diagnostic facilities, outpatient services and/or labs. Our portfolio has a strong affiliation with health systems. Approximately 95% of our outpatient medical building portfolio is affiliated with health systems (with buildings on hospital campuses or serving as satellite locations for the health system and its physicians).

Life Science Facilities. The life science portfolio consisted of laboratory and office facilities specifically designed and constructed for use by biotechnology and pharmaceutical companies. These facilities were located adjacent to The Massachusetts Institute of Technology, which is a well-established market known for pharmaceutical and biotechnology research. They are similar to commercial office buildings with advanced HVAC (heating, ventilation and air conditioning), electrical and mechanical systems. On June 30, 2015, we disposed of our life science investments.

Investments

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. We invest in seniors housing and health care real estate primarily through acquisitions, developments and joint venture partnerships. For additional information regarding acquisition and development activity, please see Note 3 to our consolidated financial statements. We diversify our investment portfolio by property type, relationship and geographic location. In determining whether to invest in a property, we focus on the following: (1) the experience of the obligor's/partner's management team; (2) the historical and projected financial and operational performance of the property; (3) the credit of the obligor/partner; (4) the security for any lease or loan; (5) the real estate attributes of the building and its location; (6) the capital committed to the property by the obligor/partner; and (7) the operating fundamentals of the applicable industry. We conduct market research and analysis for all potential investments. In addition, we review the value of all properties, the interest rates and covenant requirements of any facility-level debt to be assumed at the time of the acquisition and the anticipated sources of repayment of any existing debt that is not to be assumed at the time of the acquisition.

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 review of, among other things, tenant relations, lease expirations, the mix of health service providers, hospital/health system relationships, property performance, capital improvement needs, and market conditions. 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.

Investment Types

Real Property. Our properties are primarily comprised of land, buildings, improvements and related rights. Our triple-net properties are generally leased to operators under long-term operating leases. The leases generally have a fixed contractual term of 12 to 15 years and contain one or more five to 15-year renewal options. Certain of our leases also contain purchase options, a portion of which could result in the disposition of properties for less than full market value. Most of our rents are received under triple-net leases requiring the operator to pay rent and all additional charges incurred in the operation of the leased property. The tenants are required to repair, rebuild and maintain the leased properties. Substantially all of these 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.

At December 31, 2015, approximately 92% of our triple-net properties were subject to master leases. A master lease is a lease of multiple properties to one tenant entity under a single lease agreement. From time to time, we may acquire additional properties that are then leased to the tenant under the master lease. The tenant is required to make one monthly payment that represents rent on all the properties that are subject to the master lease. Typically, the master lease tenant can exercise its right to purchase the properties or to renew the master lease only with respect to all leased properties at the same time. This bundling feature benefits us because the tenant

cannot limit the purchase or renewal to the better performing properties and terminate the leasing arrangement with respect to the poorer performing properties. This spreads our risk among the entire group of properties within the master lease. The bundling feature should provide a similar advantage to us if the master lease tenant is in bankruptcy. Subject to certain restrictions, a debtor in bankruptcy has the right to assume or reject each of its leases. It is our intent that a tenant in bankruptcy would be required to assume or reject the master lease as a whole, rather than deciding on a property by property basis.

Our outpatient medical portfolio is primarily self-managed and consists principally of multi-tenant properties leased to health care providers. Our leases typically include increasers and some form of operating expense reimbursement by the tenant. As of December 31, 2015, 82% of our portfolio included leases with full pass through, 15% with a partial expense reimbursement (modified gross) and 3% with no expense reimbursement (gross). Our outpatient medical leases are non-cancellable operating leases that have a weighted-average remaining term of seven years at December 31, 2015 and are often credit enhanced by security deposits, guaranties and/or letters of credit.

Construction. We occasionally provide for the construction of properties for tenants as part of long-term operating leases. We capitalize certain interest costs associated with funds used for the construction of properties owned by us. The amount capitalized is based upon the amount advanced during the construction period using the rate of interest that approximates our company-wide cost of financing. Our interest expense is reduced by the amount capitalized. We also typically charge a transaction fee at the commencement of construction which we defer and amortize to income over the term of the resulting lease. The construction period commences upon funding and terminates upon the earlier of the completion of the applicable property or the end of a specified period. During the construction period, we advance funds to the tenants in accordance with agreed upon terms and conditions which require, among other things, periodic site visits by a Company representative. During the construction period, we generally require an additional credit enhancement in the form of payment and performance bonds and/or completion guaranties. At December 31, 2015, we had outstanding construction investments of \$258,968,000 and were committed to provide additional funds of approximately \$525,588,000 to complete construction for investment properties.

Real Estate Loans. Our real estate loans are typically structured to provide us with interest income, principal amortization and transaction fees and are generally secured by first/second mortgage liens, leasehold mortgages, corporate guaranties and/or personal guaranties. At December 31, 2015, we had outstanding real estate loans of \$819,492,000. The interest yield averaged approximately 8.1% per annum on our outstanding real estate loan balances. Our yield on real estate loans depends upon a number of factors, including the stated interest rate, average principal amount outstanding during the term of the loan and any interest rate adjustments. The real estate loans outstanding at December 31, 2015 are generally subject to one to 15-year terms with principal amortization schedules and/or balloon payments of the outstanding principal balances at the end of the term. Typically, real estate loans are cross-defaulted and cross-collateralized with other real estate loans, operating leases or agreements between us and the obligor and its affiliates.

Investments in Unconsolidated Entities. Investments in entities that we do not consolidate but have the ability to exercise significant influence over operating and financial policies are reported under the equity method of accounting. Our investments in unconsolidated entities generally represent interests ranging from 10% to 50% in real estate assets. Under the equity method of accounting, our share of the investee's earnings or losses is included in our consolidated results of operations. To the extent that our cost basis is different from the basis reflected at the entity level, the basis difference is generally amortized over the lives of the related assets and liabilities, and such amortization is included in our share of equity in earnings of the entity. The initial carrying value of investments in unconsolidated entities is based on the amount paid to purchase the entity interest or the estimated fair value of the assets prior to the sale of interests in the entity. We evaluate our equity method investments for impairment based upon a comparison of the estimated fair value of the equity method investment to its carrying value. When we determine a decline in the estimated fair value of such an investment below its carrying value is other-than-temporary, an impairment is recorded. See Note 7 to our consolidated financial statements for more information.

Principles of Consolidation

The consolidated financial statements include the accounts of our wholly-owned subsidiaries and joint venture entities that we control, through voting rights or other means. All material intercompany transactions and balances have been eliminated in consolidation.

At inception of joint venture transactions, we identify entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and determine which business enterprise is the primary beneficiary of its operations. A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, do not have a controlling financial interest, or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. We consolidate investments in VIEs when we are determined to be the primary beneficiary. Accounting Standards Codification Topic 810, *Consolidations*, requires enterprises to perform a qualitative approach to determining whether or not a VIE will need to be consolidated on a continuous basis. This evaluation is based on an enterprise's ability to direct and influence the activities of a VIE that most significantly impact that entity's economic performance.

For investments in joint ventures, we evaluate the type of rights held by the limited partner(s), which may preclude consolidation in circumstances in which the sole general partner would otherwise consolidate the limited partnership. The assessment of limited partners' rights and their impact on the presumption of control over a limited partnership by the sole general partner should be made when an investor becomes the sole general partner and should be reassessed if (i) there is a change to the terms or in the exercisability of the rights of the limited partners, (ii) the sole general partner increases or decreases its ownership in the limited partnership, or (iii) there is an increase or decrease in the number of outstanding limited partnership interests. We similarly evaluate the rights of managing members of limited liability companies.

Borrowing Policies

We utilize a combination of debt and equity to fund investments. Our debt and equity levels are determined by management to maintain a conservative credit profile. Generally, we intend to issue unsecured, fixed-rate public debt with long-term maturities to approximate the maturities on our triple-net leases and loans. For short-term purposes, we may borrow on our primary unsecured credit facility. We replace these borrowings with long-term capital such as senior unsecured notes, common stock or preferred stock. When terms are deemed favorable, we may invest in properties subject to existing mortgage indebtedness. In addition, we may obtain secured financing for unleveraged properties in which we have invested or may refinance properties acquired on a leveraged basis. In certain agreements with our lenders, we are subject to restrictions with respect to secured and unsecured indebtedness.

Competition

We compete with other real estate investment trusts, real estate partnerships, private equity and hedge fund investors, banks, insurance companies, finance/investment companies, government-sponsored agencies, taxable and tax-exempt bond funds, health care operators, developers and other investors in the acquisition, development, leasing and financing of health care and seniors housing properties. We compete for investments based on a number of factors including relationships, certainty of execution, investment structures and underwriting criteria. Our ability to successfully compete is impacted by economic and demographic trends, availability of acceptable investment opportunities, our ability to negotiate beneficial investment terms, availability and cost of capital, construction and renovation costs and applicable laws and regulations.

The operators/tenants of our properties compete with properties that provide comparable services in the local markets. Operators/tenants compete for patients and residents based on a number of factors including quality of care, reputation, physical appearance of properties, location, services offered, family preferences, physicians, staff and price. We also face competition from other health care facilities for tenants, such as physicians and other health care providers that provide comparable facilities and services.

For additional information on the risks associated with our business, please see "Item 1A — Risk Factors" of this Annual Report on Form 10-K.

Employees As of January 31, 2016, we had 476 employees.

Credit Concentrations Please see Note 8 to our consolidated financial statements.

Geographic Concentrations Please see "Item 2 – Properties" of this Annual Report on Form 10-K and Note 17 to our consolidated financial statements.

Health Care Industry

The demand for health care services, and consequently health care properties, is projected to reach unprecedented levels in the near future. The Centers for Medicare and Medicaid Services ("CMS") projects that national health expenditures will rise to approximately \$3.4 trillion in 2016 or 18.1% of gross domestic product ("GDP"). The average annual growth in national health expenditures for 2014 through 2024 is expected to be 5.8%.

While demographics are the primary driver of demand, economic conditions and availability of services contribute to health care service utilization rates. We believe the health care property market may be less susceptible to fluctuations and economic downturns relative to other property sectors. Investor interest in the market remains strong, especially in specific sectors such as private-pay senior living and outpatient medical buildings.

The total U.S. population for 2014 through 2024 is projected to increase by 9.1%. The elderly population aged 65 and over is projected to increase by 40% through 2024. The elderly are an important component of health care utilization, especially independent living services, assisted living services, long-term/post-acute care services, inpatient and outpatient hospital services and physician ambulatory care. Most health care services are provided within a health care facility such as a hospital, a physician's office or a seniors housing community. Therefore, we believe there will be continued demand for companies, such as ours, with expertise in health care real estate.

Health care real estate investment opportunities tend to increase as demand for health care services increases. We recognize the need for health care real estate as it correlates to health care service demand. Health care providers require real estate to house their businesses and expand their services. We believe that investment opportunities in health care real estate will continue to be present due to:

- The specialized nature of the industry, which enhances the credibility and experience of the Company;
- The projected population growth combined with stable or increasing health care utilization rates, which ensures demand; and
- The on-going merger and acquisition activity.

Certain Government Regulations

United States

Health Law Matters — Generally

Typically, operators of seniors housing facilities do not receive significant funding from government programs and are largely subject to state laws, as opposed to federal laws. Operators of long-term/post-acute care facilities and hospitals do receive significant funding from government programs, and these facilities are subject to the federal and state laws that regulate the type and quality of the medical and/or nursing care provided, ancillary services (e.g., respiratory, occupational, physical and infusion therapies), qualifications of the administrative personnel and nursing staff, the adequacy of the physical plant and equipment, reimbursement and rate setting and operating policies. In addition, as described below, operators of these facilities are subject to extensive laws and regulations pertaining to health care fraud and abuse, including, but not limited to, the Federal Anti-Kickback Statute, the Federal Stark Law, and the Federal False Claims Act, as well as comparable state law counterparts. Hospitals, physician group practice clinics, and other health care providers that operate in our portfolio are subject to extensive federal, state, and local licensure, registration, certification, and inspection laws, regulations, and industry standards. Our tenants' failure to comply with any of these, and other, laws could result in loss of accreditation; denial of reimbursement; imposition of fines; suspension, decertification, or exclusion from federal and state health care programs; loss of license; or closure of the facility.

Licensing and Certification

The primary regulations that affect seniors housing facilities with assisted living are state licensing and registration laws. In granting and renewing these licenses, the state regulatory agencies consider numerous factors relating to a property's physical plant and operations, including, but not limited to, admission and discharge standards, staffing, and training. A decision to grant or renew a license is also affected by a property owner's record with respect to patient and consumer rights, medication guidelines, and rules. Certain of the seniors housing facilities mortgaged to or owned by us may require the resident to pay an entrance or upfront fee, a portion of which may be refundable. These entrance fee communities are subject to significant state regulatory oversight, including, for example, oversight of each facility's financial condition; establishment and monitoring of reserve requirements, and other financial restrictions; the right of residents to cancel their contracts within a specified period of time; lien rights in favor of residents; restrictions on change of ownership; and similar matters. Such oversight, and the rights of residents within these entrance fee communities, may have an effect on the revenue or operations of the facility operators, and, therefore, may adversely affect us.

Certain health care facilities are subject to a variety of licensure and certificate of need ("CON") laws and regulations. Where applicable, CON laws generally require, among other requirements, that a facility demonstrate the need for (1) constructing a new facility, (2) adding beds or expanding an existing facility, (3) investing in major capital equipment or adding new services, (4) changing the ownership or control of an existing licensed facility, or (5) terminating services that have been previously approved through the CON process. Certain state CON laws and regulations may restrict the ability of operators to add new properties or expand an existing facility's size or services. In addition, CON laws may constrain the ability of an operator to transfer responsibility for operating a particular facility to a new operator. If we have to replace a property operator who is excluded from participating in a federal or state health care program (as discussed below), our ability to replace the operator may be affected by a particular state's CON laws, regulations, and applicable guidance governing changes in provider control.

With respect to licensure, generally our long-term/post-acute care facilities and acute care facilities are required to be licensed and certified for participation in Medicare, Medicaid, and other federal and state health care programs. This generally requires license renewals and compliance surveys on an annual or bi-annual basis. The failure of our operators to maintain or renew any required license or regulatory approval as well as the failure of our operators to correct serious deficiencies identified in a compliance survey could require those operators to discontinue operations at a property. In addition, if a property is found to be out of compliance with Medicare, Medicaid, or other federal or state health care program conditions of participation, the property operator may be excluded from participating in those government health care programs. Any such occurrence may impair an operator's ability to meet their financial obligations to us. If we have to replace an excluded-property operator, our ability to replace the operator may be affected by

federal and state laws, regulations, and applicable guidance governing changes in provider control. This may result in payment delays, an inability to find a replacement operator, a significant working capital commitment from us to a new operator or other difficulties.

Reimbursement

The reimbursement methodologies applied to health care facilities continue to evolve. Federal and state authorities have considered and may seek to implement new or modified reimbursement methodologies that may negatively impact health care property operations. The impact of any such changes, if implemented, may result in a material adverse effect on our portfolio. No assurance can be given that current revenue sources or levels will be maintained. Accordingly, there can be no assurance that payments under a government health care program are currently, or will be in the future, sufficient to fully reimburse the property operators for their operating and capital expenses. As a result, an operator's ability to meet its financial obligations to us could be adversely impacted.

Seniors Housing Facilities (excluding long-term/post-acute care facilities). Approximately 54% of our overall revenues for the year ended December 31, 2015 were attributable to U.S. seniors housing facilities. The majority of the revenues received by the operators of these facilities are from private pay sources. The remaining revenue source is primarily Medicaid under certain waiver programs. As a part of the Omnibus Budget Reconciliation Act ("OBRA") of 1981, Congress established a waiver program enabling some states to offer Medicaid reimbursement to assisted living providers as an alternative to institutional long-term care services. The provisions of OBRA, the subsequent OBRA Acts of 1987 and 1990, and certain provisions of the Patient Protection and Affordable Care Act of 2010 ("PPACA"), permit states to seek a waiver from typical Medicaid requirements or otherwise amend their state plans to develop cost-effective alternatives to long-term care, including Medicaid payments for assisted living and home health. As of September 30, 2015, 16 of our 44 seniors housing operators received Medicaid reimbursement pursuant to Medicaid waiver programs. For the twelve months ended September 30, 2015, approximately 1.4% of the revenues at our seniors housing facilities were from Medicaid reimbursement. There can be no guarantee that a state Medicaid program operating pursuant to a waiver will be able to maintain its waiver status.

Rates paid by self-pay residents are set by the facilities and are determined by local market conditions and operating costs. Generally, facilities receive a higher payment per day for a private pay resident than for a Medicaid beneficiary who requires a comparable level of care. The level of Medicaid reimbursement varies from state to state. Thus, the revenues generated by operators of our assisted living facilities may be adversely affected by payor mix, acuity level, changes in Medicaid eligibility, and reimbursement levels. In addition, a state could lose its Medicaid waiver and no longer be permitted to utilize Medicaid dollars to reimburse for assisted living services. Changes in revenues could in turn have a material adverse effect on an operator's ability to meet its obligations to us.

Long-Term/Post-Acute Care Facilities. Approximately 14% of our overall revenues for the year ended December 31, 2015 were attributable to long-term/post-acute care facilities. The majority of the revenues received by the operators of these facilities are from the Medicare and Medicaid programs, with the balance representing reimbursement payments from private payors, including private insurers. Consequently, changes in federal or state reimbursement policies may adversely affect an operator's ability to cover its expenses, including our rent or debt service. Long-term/post-acute care facilities are subject to periodic pre- and post-payment reviews, and other audits by federal and state authorities. A review or audit of a property operator's claims could result in recoupments, denials, or delay of payments in the future, which could have a material adverse effect on the operator's ability to meet its financial obligations to us. Due to the significant judgments and estimates inherent in payor settlement accounting, no assurance can be given as to the adequacy of any reserves maintained by our property operators to cover potential adjustments to reimbursements, or to cover settlements made to payors. Recent attention on billing practices, payments, and quality of care, or ongoing government pressure to reduce spending by government health care programs, could result in lower payments to long-term/post-acute care facilities and, as a result, may impair an operator's ability to meet its financial obligations to us.

Medicare Reimbursement and Long-Term/Post-Acute Care Facilities. For the twelve months ended September 30, 2015, approximately 34% of the revenues at our long-term/post-acute care facilities were paid by Medicare. Generally, long-term/post-acute care facilities are reimbursed under the Medicare Skilled Nursing Facility Prospective Payment System ("SNF PPS"), the Inpatient Rehabilitation Facility Prospective Payment System ("IRF PPS"), or the Long Term Care Hospital Prospective Payment System ("LTCH PPS"). There is a risk under these payment systems that costs will exceed the fixed payments, or that payments may be set below the costs to provide certain items and services, which could result in immediate financial difficulties for operators, and could cause operators to seek bankruptcy protection.

The CMS, an agency of the Department of Health and Human Services ("HHS"), made positive payment updates for the 2016 fiscal year under the SNF PPS, the IRF PPS and the LTCH PPS.

- 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 6, 2015, CMS published a final rule for the IRF PPS. Under the final rule, inpatient rehabilitation facilities (“IRFs”) will receive a net increase of 1.8%, accounting for adjustments, such as the multifactor productivity adjustment. An additional 0.1% increase to aggregate payments due to updating the outlier threshold results in an overall update of 1.8% relative to payments in fiscal year 2015. CMS estimates aggregate payments to IRFs will increase by \$135 million in fiscal year 2016.
- 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 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.

Other Laws, Regulations (Proposed and Final), and Initiatives Affecting Medicare Reimbursement for LTCHs, SNFs, and IRFs. On December 26, 2013, the President signed into law the Pathway for SGR Reform Act (“SGR Reform”). SGR Reform implemented several changes to the Medicare payment rules for LTCHs. For a discharge in cost reporting periods beginning on or after October 1, 2015, specified cases in LTCHs will receive the “applicable” site-neutral payment rate. Specifically, payment rates will be blended for discharges in cost reporting periods beginning in fiscal year 2016 and fiscal year 2017, consisting of half of the site neutral payment rate and half of the payment rate that would otherwise apply, and then shift to all site-neutral payments in fiscal year 2018. Patients with a three-day stay in an intensive care unit prior to LTCH admission or ventilator patients with at least 96 hours are exempted from the lower site-neutral payments if the discharge does not have a principal diagnosis relating to a psychiatric diagnosis or to rehabilitation. Beginning in fiscal year 2020, LTCHs are to maintain at least 50% of patients that are excluded from the site-neutral payments. SGR Reform also requires the Medicare Payment Advisory Committee (“MedPAC”) to conduct a study and submit a report to Congress by June 30, 2019 that includes recommendations that address these changes to the LTCH payment policies. Additionally, beginning in fiscal year 2016, calculation of length of stay requirements for LTCHs will exclude any patients for whom payment is made (i) at the site-neutral payment rate and (ii) under any Medicare Advantage plan. SGR Reform also delayed implementation of a limit of no more than 25% of patients referred from any one hospital (“25% Rule”) for another three years, and the Secretary of HHS must issue a report in two years on the need for any further extension or modifications to the 25% Rule. Finally, SGR Reform reinstated a moratorium on new LTCHs or any increase in LTCH beds from January 1, 2015 through September 30, 2017.

On April 1, 2014, the Protecting Access to Medicare Act of 2014 (“Access to Medicare Act”) was enacted. The Access to Medicare Act implements value-based purchasing for SNFs. Beginning in fiscal year 2019, 2% of SNF payments will be withheld and approximately 50% to 70% of the amount withheld will be paid to SNFs through value-based payments. SNFs began reporting the claims-based 30-Day All-Cause Readmission Measure on October 1, 2015 and will begin reporting a resource use measure by October 1, 2016. Both measures will be publicly available by October 1, 2017.

On October 6, 2014, the President signed into law the Improving Medicare Post-Acute Transformation Act of 2014 (“IMPACT Act”). The law applies to SNFs, LTCHs, IRFs and home health agencies and requires providers to report standardized patient assessment data, data on quality measures, and data on resource use and other measures. The law requires public reporting of quality and resource use and other measures. MedPAC is required to submit a report to Congress by June 30, 2016, evaluating and recommending features of a post-acute payment system that establishes payment rates according to individual characteristics instead of the post-acute setting where the patient is treated. The report must include a technical prototype for a post-acute prospective payment system and the impact of moving from the current to the new payment system.

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 LTCHs.

On November 24, 2015, CMS published a final rule to bundle the costs for Lower Extremity Joint Replacement procedures in certain geographic areas. The bundle will begin with the hospital admission and continue for 90 days following hospital discharge. The following services, among others, will 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 will need to pay the difference to Medicare.

On December 1, 2015, CMS published a notice seeking comments on the methodology used to cut Medicare Part A hospital reimbursement by 0.2% as part of the original “Two-Midnight” payment policy. The notice was issued in response to a federal district court’s finding in September that CMS did not adequately explain its reasoning for the 0.2% pay cut in 2013. In accordance with the

federal district court's order in *Shands Jacksonville Medical Center, Inc., et al. v. Burwell, No. 14-263 (D.D.C.)*, the notice discusses the basis for the 0.2% reduction and its underlying assumptions and invites comments on the same to facilitate the CMS's further consideration of the fiscal year 2014 reduction.

Finally, in January 2016, MedPAC finalized its recommendations, advising Congress that Medicare payments should remain the same in fiscal year 2017 for LTCHs and IRFs, among other institutions. The final recommendations also urge Congress to eliminate the market basket updates for SNFs for fiscal year 2017 and 2018 and direct the Secretary of HHS to revise the SNF prospective payment system. To the extent such recommendations are implemented, they could impact our operators and tenants.

HHS 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 two 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. OIG also issued a report in September 2015, calling for reevaluation of the Medicare payment system for skilled nursing facilities. 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. Most recently, OIG issued (1) its findings regarding the fiscal year 2015 Top Management and Performance Challenges Facing HHS and (2) the FY 2016 OIG Work Plan. Both cited SNF billing as an area that creates incentives for providers to bill more expensive care instead of the appropriate levels of care, requiring ongoing government monitoring and auditing for compliance. If followed, these reports and recommendations may impact our operators and tenants.

Medicare Reimbursement for Physicians, Hospital Outpatient Departments, and Ambulatory Surgical Centers. Historically, CMS annually adjusted the Medicare Physician Fee Schedule payment rates based on an update formula that included application of the Sustainable Growth Rate ("SGR"). As noted above, on April 1, 2014, President Obama signed into law the Access to Medicare Act, which, among other things, 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 Access to Medicare Act, 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 on which Alternate Payment Model the physician participates;
- Delays the Geographic Practice Cost Indices payment adjustment until January 1, 2018;
- Extends the therapy cap exceptions process through December 31, 2017; and
- Imposes a market basket update of 1% for skilled nursing providers for FY 2018.

Also, 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.

Additionally, the Bipartisan Budget Act of 2015, enacted on November 2, 2015, contains a provision that alters how much Medicare pays for outpatient services furnished by hospitals. Pursuant to Section 603 of the Act, effective January 1, 2017, an off-campus hospital outpatient department ("HOPD") will no longer qualify for Medicare payment under the Hospital Outpatient Prospective Payment System, unless the off-campus HOPD was established prior to the date of enactment (November 2, 2015), and Medicare payment will, instead, be made under the applicable non-hospital payment system (i.e., the Physician Fee Schedule or Ambulatory Surgical Center ("ASC") system), which typically provides for lower payment rates. This site-neutrality provision is intended to address policymakers' concerns that Medicare's current payment policies incentivize hospitals to acquire and label physician practices and ASCs as HOPDs due to higher rates available for services furnished in hospital outpatient settings. It is unclear whether this provision will significantly impact Welltower's operators and tenants.

CMS also issued additional rules which could impact our tenants and operators.

- On November 13, 2015, CMS published a final rule regarding 2016 Medicare payment rates for HOPDs and ASCs. Under the rule, CMS reduced payments to HOPDs by 0.3% and increased payments to ASCs by 0.3%. The final rule also included updates to the “Two-Midnight” rule regarding when inpatient admissions are appropriate for payment under Medicare Part A. Under the final rule, 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 November 16, 2015, CMS published a final rule regarding 2016 Medicare payment rates under the Physician Fee Schedule. Among other final policies, CMS finalized its 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. Under the legislation, the MIPS will be fully implemented in calendar year 2019.

Medicaid Reimbursement and Long-Term/Post-Acute Care Facilities. For the twelve months ended September 30, 2015, approximately 41% of the revenues of long-term/post-acute care facilities were paid by Medicaid. The federal and state governments share responsibility for financing Medicaid. The federal matching rate, known as the Federal Medical Assistance Percentage, varies by state based on relative per capita income, but is at least 50% in all states. According to the National Association of State Budget Officers, Medicaid was the largest component of total state spending, representing approximately 27.4% of total state expenditures in state fiscal year 2015. The percentage of Medicaid dollars for long-term/post-acute care facilities varies from state to state, due in part to different ratios of elderly population and eligibility requirements. Within certain federal guidelines, states have a fairly wide range of discretion to determine eligibility and reimbursement methodology. Many states reimburse SNFs, for example, using fixed daily rates, which are applied prospectively based on patient acuity and the historical costs incurred in providing patient care. Reasonable costs typically include allowances for staffing, administrative and general expenses, property, and equipment (e.g., real estate taxes, depreciation and fair rental).

In most states, Medicaid does not fully reimburse the cost of providing services. Certain states are attempting to slow the rate of Medicaid growth by freezing rates or restricting eligibility and benefits. Average Medicaid rates for our long-term/post-acute care facilities will likely vary throughout the year as states continue to make interim changes to their budgets and Medicaid funding. In addition, Medicaid reimbursement rates may decline if revenues in a particular state are not sufficient to fund budgeted expenditures.

Health Reform Laws. On March 23, 2010, the President signed into law the PPACA and the Health Care and Education Reconciliation Act of 2010, which amends the PPACA (collectively, the “Health Reform Laws”). The Health Reform Laws contain various provisions that may directly impact us or the operators and tenants of our properties. Some provisions of the Health Reform Laws may have a positive impact on our operators’ or tenants’ revenues, by, for example, increasing coverage of uninsured individuals, while others may have a negative impact on the reimbursement of our operators or tenants by, for example, altering the market basket adjustments for certain types of health care facilities. The Health Reform Laws also enhance certain fraud and abuse penalty provisions that could apply to our operators and tenants, in the event of one or more violations of the federal health care regulatory laws. In addition, there are provisions that impact the health coverage that we and our operators and tenants provide to our respective employees. The Health Reform Laws also provide additional Medicaid funding to allow states to carry out the expansion of Medicaid coverage to certain financially-eligible individuals beginning in 2014, and have also permitted states to expand their Medicaid coverage to these individuals since April 1, 2010, if certain conditions are met. On June 28, 2012, the United States Supreme Court upheld the individual mandate of the Health Reform Laws but partially invalidated the expansion of Medicaid. The ruling on Medicaid expansion will allow states not to participate in the expansion – and to forego funding for the Medicaid expansion – without losing their existing Medicaid funding. Given that the federal government substantially funds the Medicaid expansion, it is unclear how many states will ultimately pursue this option. The participation by states in the Medicaid expansion could have the dual effect of increasing our tenants’ revenues, through new patients, but could also further strain state budgets. While the federal government will pay for approximately 100% of those additional costs from 2014 to 2016, states will be expected to pay for part of those additional costs beginning in 2017.

Challenges to the Health Reform Laws. Since the enactment of the Health Care 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.

We cannot predict whether the existing Health Reform Laws, or future health care reform legislation or regulatory changes, will have a material impact on our operators’ or tenants’ property or business. If the operations, cash flows or financial condition of our operators and tenants are materially adversely impacted by the Health Reform Laws or future legislation, our revenue and operations may be adversely affected as well.

Other Related Laws, Initiatives, and Considerations

Long-term/post-acute care facilities (and seniors housing facilities that receive Medicaid payments) are subject to federal, state, and local laws, regulations, and applicable guidance that govern the operations and financial and other arrangements that may be entered into by health care providers. Certain of these laws prohibit direct or indirect payments of any kind for the purpose of inducing or encouraging the referral of patients for medical products or services reimbursable by government health care programs. Other laws require providers to furnish only medically necessary services and submit to the government valid and accurate statements for each service. Still other laws require providers to comply with a variety of safety, health and other requirements relating to the condition of the licensed property and the quality of care provided. Sanctions for violations of these laws, regulations, and other applicable guidance may include, but are not limited to, criminal and/or civil penalties and fines, loss of licensure, immediate termination of government payments, and exclusion from any government health care program. In certain circumstances, violation of these rules (such as those prohibiting abusive and fraudulent behavior) with respect to one property may subject other facilities under common control or ownership to sanctions, including exclusion from participation in the Medicare and Medicaid programs, as well as other government health care programs. In the ordinary course of its business, a property operator is regularly subjected to inquiries, investigations, and audits by the federal and state agencies that oversee these laws and regulations.

Long-term/post-acute care facilities (and seniors housing facilities that receive Medicaid payments) are also subject to the Federal Anti-Kickback Statute, which generally prohibits persons from offering, providing, soliciting, or receiving remuneration to induce either the referral of an individual or the furnishing of a good or service for which payment may be made under a federal health care program, such as Medicare or Medicaid. Long-term/post-acute care facilities are also subject to the Federal Ethics in Patient Referral Act of 1989, commonly referred to as the Stark Law. The Stark Law generally prohibits the submission of claims to Medicare for payment if the claim results from a physician referral for certain designated services and the physician has a financial relationship with the health service provider that does not qualify under one of the exceptions for a financial relationship under the Stark Law. Similar prohibitions on physician self-referrals and submission of claims apply to state Medicaid programs. Further, long-term/post-acute care facilities (and seniors housing facilities that receive Medicaid payments), are subject to substantial financial penalties under the Civil Monetary Penalties Act and the Federal False Claims Act and, in particular, actions under the Federal False Claims Act's "whistleblower" provisions. Private enforcement of health care fraud has increased due in large part to amendments to the Federal False Claims Act that encourage private individuals to sue on behalf of the government. These whistleblower suits brought by private individuals, known as *qui tam* actions, may be filed by almost anyone, including present and former patients, nurses and other employees, and competitors. Significantly, if a claim is successfully adjudicated, the Federal False Claims Act provides for treble damages up to \$11,000 per claim.

Prosecutions, investigations, or whistleblower actions could have a material adverse effect on a property operator's liquidity, financial condition, and operations, which could adversely affect the ability of the operator to meet its financial obligations to us. Finally, various state false claim act and anti-kickback laws may also apply to each property operator. Violation of any of the foregoing statutes can result in criminal and/or civil penalties that could have a material adverse effect on the ability of an operator to meet its financial obligations to us.

Other legislative developments, including the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), have greatly expanded the definition of health care fraud and related offenses and broadened its scope to include private health care plans in addition to government payors. Congress also has greatly increased funding for the Department of Justice, Federal Bureau of Investigation and the Office of the Inspector General of the Department of Health and Human Services to audit, investigate and prosecute suspected health care fraud. Moreover, a significant portion of the billions in health care fraud recoveries over the past several years has also been returned to government agencies to further fund their fraud investigation and prosecution efforts.

Additionally, other HIPAA provisions and regulations provide for communication of health information through standard electronic transaction formats and for the privacy and security of health information. In order to comply with the regulations, health care providers often must undertake significant operational and technical implementation efforts. Operators also may face significant financial exposure if they fail to maintain the privacy and security of medical records and other personal health information about individuals. The Health Information Technology for Economic and Clinical Health ("HITECH") Act, passed in February 2009, strengthened the HHS Secretary's authority to impose civil money penalties for HIPAA violations occurring after February 18, 2009. HITECH directs the HHS Secretary to provide for periodic audits to ensure covered entities and their business associates (as that term is defined under HIPAA) comply with the applicable HITECH requirements, increasing the likelihood that a HIPAA violation will result in an enforcement action. CMS issued an interim Final Rule which conformed HIPAA enforcement regulations to the HITECH Act, increasing the maximum penalty for multiple violations of a single requirement or prohibition to \$1.5 million. Higher penalties may accrue for violations of multiple requirements or prohibitions. Additionally, on January 17, 2013, CMS released an omnibus final rule, which expands the applicability of HIPAA and HITECH and strengthens the government's ability to enforce these laws. The final rule broadens the definition of "business associate" and provides for civil money penalty liability against covered entities and business associates for the acts of their agents regardless of whether a business associate agreement is in place. This rule also modified the standard for when a breach of unsecured personally identifiable health information must be reported. Some covered

entities have entered into settlement agreements with HHS for allegedly failing to adopt policies and procedures sufficient to implement the breach notification provisions in the HITECH Act. Additionally, the final rule adopts certain changes to the HIPAA enforcement regulations to incorporate the increased and tiered civil monetary penalty structure provided by HITECH, and makes business associates of covered entities directly liable under HIPAA for compliance with certain of the HIPAA privacy standards and HIPAA security standards. HIPAA violations are also potentially subject to criminal penalties.

There has been increased federal and state HIPAA privacy and security enforcement efforts and we expect this trend to continue. Under HITECH, state attorneys general have the right to prosecute HIPAA violations committed against residents of their states. Several such actions have already been brought against both covered entities and a business associate, and continued enforcement actions are likely to occur in the future. In addition, HITECH mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities and business associates. It also tasks HHS with establishing a methodology whereby individuals who are harmed by HIPAA violations may receive a percentage of the civil monetary penalty fine or monetary settlement paid by the violator.

In addition to HIPAA, numerous other state and federal laws govern the collection, dissemination, use, access to and confidentiality of individually identifiable health information. In addition, some states are considering new laws and regulations that further protect the confidentiality, privacy or security of medical records or other types of medical or personal information. These laws may be similar to or even more stringent than the federal provisions and are not preempted by HIPAA. Not only may some of these state laws impose fines and penalties upon violators, but some afford private rights of action to individuals who believe their personal information has been misused.

Most recently with respect to HIPAA, in September, 2015, OIG issued two reports calling for better privacy oversight of covered entities. The first report, titled "OCR Should Strengthen its Oversight of Covered Entities' Compliance with the HIPAA Privacy Standards," found that OCR's oversight is primarily reactive, as OCR has not fully implemented the required audit program to proactively assess possible noncompliance from covered entities. OIG recommended, among other things, that OCR fully implement a permanent audit program and develop a policy requiring OCR staff to check whether covered entities had previously been investigated for noncompliance. The second report, titled "OCR Should Strengthen its Follow-up of Breaches of Patient Information Reported by Covered Entities," found that (1) OCR did not record corrective action information for 23% of closed "large-breach" cases in which it made determinations of noncompliance, and (2) OCR did not record "small-breach" information in its case-tracking system, which limits its ability to track and identify covered entities with multiple small breaches. OIG recommended, among other things, that OCR enter small-breach information into its case-tracking system and maintain complete documentation of corrective actions taken. OCR agreed with OIG's recommendations in both reports. If followed, these reports and recommendations may impact our operators and tenants.

In November 2002, CMS began an ongoing national Nursing Home Quality Initiative ("NHQI"). Under this initiative, historical survey information, the NHQI Pilot Evaluation Report and the NHQI Overview is made available to the public on-line. The NHQI website provides consumer and provider information regarding the quality of care in nursing homes. The data allows consumers, providers, states, and researchers to compare quality information that shows how well nursing homes are caring for their residents' physical and clinical needs. The posted nursing home quality measures come from resident assessment data that nursing homes routinely collect on the residents at specified intervals during their stay. If the operators of nursing facilities are unable to achieve quality of care ratings that are comparable or superior to those of their competitors, they may lose market share to other facilities, reducing their revenues and adversely impacting their ability to make rental payments.

In addition, 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.

In October 2015, the U.S. Government Accountability Office ("GAO") released a report recommending that CMS continue to improve data and oversight of nursing home quality measures. The GAO found that although CMS collects several types of data that give some insight into the quality of nursing homes, the data could provide a clearer picture of nursing home quality if some underlying problems with the data (*i.e.*, the use of self-reported data and non-standardized survey methodologies) are corrected. The GAO recommends, among other things, that CMS implement a clear plan for ongoing auditing of self-reported data and establish a process for monitoring oversight modifications to better assess their effects. According to the GAO, timely completion of these actions is particularly important because Medicare payments to nursing homes will be dependent on quality data, through the implementation of the value based purchasing program, starting in fiscal year 2019. HHS agreed with the GAO's recommendations, and to the extent such recommendations are implemented, they could impact Welltower's operators and tenants.

According to the U.S. Centers for Disease Control and Prevention, it is not possible to predict the severity of the upcoming flu season or the efficacy of available flu vaccinations. The U.S. experiences epidemics of seasonal flu each year, which result in increased influenza-related hospitalizations and deaths. According to HHS, each flu season, nearly 111 million workdays are lost due to the flu, which equals approximately \$7 billion per year in sick days and lost productivity. As such, depending on the severity and duration of the upcoming flu season, the flu could impact Welltower's operators and tenants.

Finally, government investigations and enforcement actions brought against the health care industry have increased dramatically over the past several years and are expected to continue. Some of these enforcement actions represent novel legal theories and expansions in the application of the Federal False Claims Act. The costs for an operator of a health care property associated with both defending such enforcement actions and the undertakings in settling these actions can be substantial and could have a material adverse effect on the ability of an operator to meet its obligations to us.

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 2014 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 2014 Regulations also include:

- Requirements around fit and proper persons being employed for the purposes of carrying out 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.

Privacy

In the European Union (“EU”), data protection is governed by the EU Data Protection Directive 95/46/EC (the “Data Protection Directive”). The Data Protection Directive has been implemented in the UK by the Data Protection Act 1998 (the “Act”) which entered into force on March 2000 and is enforced by the Information Commissioner’s Office (“ICO”).

The Act applies to a data controller that processes personal data in the context of an establishment in the UK, or where not established in the UK, in any other State of the European Economic Area (“EEA”), processes personal data through equipment located in the UK other than for the purposes of transit through the UK. Under the Act, a data controller is the person who (either alone or jointly or in common with other persons) determines the purposes for which and the manner in which any personal data are, or are to be, processed. Personal data is widely defined as data which relates to a living individual who can be identified from those data, or from those data and other information which is in the possession of, or is likely to come into the possession of, the data controller. Sensitive personal data is personal data consisting of information as to the racial or ethnic origin of the data subject; his/her political opinions, religious beliefs or other beliefs of a similar nature; whether he/she is a member of a trade union; his/her physical or mental health or condition; his/her sexual life; and the commission or alleged commission by him/her of an offense, any proceedings for any offense committed or alleged to have been committed by him/her, the disposal of such proceedings, or the sentence of any court in such proceedings.

The Act imposes a number of obligations on the data controller contained in eight Data Protection Principles: (i) personal data must be processed fairly and lawfully, (ii) personal data must be processed for specified and lawful purposes, (iii) personal data must be adequate, relevant and not excessive, (iv) personal data must be accurate and up to date, (v) personal data must not be kept for longer than necessary, (vi) personal data must be processed in accordance with the rights of data subjects, (vii) appropriate technical and organizational measures shall be taken against unauthorized or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data; and (viii) there is a prohibition on transfers of personal data to countries outside the EEA that are not deemed by the European Commission to provide an adequate level of protection, which includes the U.S., unless certain exemptions under the Act apply.

The ICO has a number of enforcement powers available which includes, in certain limited cases, criminal prosecution and non-criminal enforcement and audits. In case of a breach of the Act, the ICO may: (i) provide practical advice to organizations on how they should handle data protection matters; (ii) issue undertakings committing an organization to a particular course of action in order to improve its compliance; (iii) serve enforcement notices where there has been a breach, requiring organizations to take (or refrain from taking) specified steps in order to ensure they comply with the law; (iv) conduct consensual assessments (audits) to determine if

organizations are complying; (v) serve assessment notices to conduct compulsory audits to assess whether organizations' processing of personal data follows good data protection practices; (vi) issue monetary penalty notices requiring organizations to pay up to £500,000 for serious breaches of the Act occurring on or after April 6, 2010 or serious breaches of the Privacy and Electronic Communications Regulations occurring after May 26, 2011; and (vii) prosecute those who commit criminal offenses under the Act. Under the Act, individuals also have the right to claim compensation from an organization in respect of damage caused by a breach of any of the requirements of the Act.

There is a proposal for an EU Data Protection Regulation which would replace the Data Protection Directive and impose a significant number of new obligations including, among others, a requirement to appoint data protection officers, having detailed documentation on the processing of personal data, carrying out privacy impact assessments in certain circumstances, providing standardized data protection notices, reporting security breaches without undue delay, and providing certain rights to individuals such as a right of erasure of personal data. The EU Data Protection Regulation is to have significant enforcement powers with fines proposed by the European Commission of up to 2% of annual worldwide turnover or €20 million, whichever is greater. The EU Data Protection Regulation may be adopted sometime in 2016 with EU Member States possibly having two years to implement the Regulation.

Canada

Retirement homes and long-term care facilities are subject to regulation, and long-term care facilities receive funding, under provincial law. There is no federal regulation in this area. Set out below are summaries of the principal regulatory requirements in the provinces where we have a material number of facilities.

Licensing and Regulation

Alberta

In Alberta, there are three relevant designations for seniors' living arrangements, ordered below from the most independent to the highest level of care.

Retirement Homes (also referred to as independent living) are designed for older adults who are able to live on their own. These communities may offer amenities such as fitness centers, gardens, paths, libraries, and beauty salons. Residents may access publicly-funded external care services at the home from funded external suppliers.

Alberta retirement residences may be rented, privately owned, or life-leased. They may be operated for profit or non-profit. Retirement residences typically do not offer support services but residents may arrange support services separate from their accommodations.

Retirement homes do not generally receive government funding; residents pay for tenancy and services received at retirement homes. Rental subsidies may be available to qualified seniors.

Alberta Independent Living residences are legislated under the Residential Tenancies Act, SA 2004, c R-17.1 and the Alberta Housing Act, RSA 2000, c A-25.

Supportive Living (also referred to as assisted living) provides accommodation in a home-like setting, where residents can remain as independent as possible while still having access to necessary care, assistance, and services. A provider of designated Supportive Living services provides at least one meal a day or housekeeping services. Supportive living includes many different types of facilities, including seniors lodges, group homes, and mental health and designated supportive living accommodations. These facilities can be operated by private for-profit, private not-for-profit, or public operators.

Supportive Living services are licensed under the Supportive Living Accommodation Licensing Act, SA 2009, c S-23.5, and the Supportive Living Accommodation Licensing Regulation, Alta Reg 40/2010. They are governed by the Ministry of Health.

Operators that receive public funds, either directly or indirectly, for health and personal care services must also comply with the Ministry of Health Continuing Care Health Service Standards (March 2007, and revised). They are also subject to the Protection for Persons in Care Act, SA 2009, c P-29.1, under which the province investigates suspected abuse of adults receiving government-funded care services.

Licenses may be granted for periods of six months to three years, depending on how long the facility has been licensed, and depending on past reports. The Ministry, through a designated director, may conduct inspections of facilities and review records. The

Director may order a delinquent facility to take specific steps or to stop certain practices or may temporarily stop operations; alternatively, the facility's license may be suspended.

There are four levels of supportive living, ordered from basic to more advance care: (1) Residential Living (residents can manage most daily tasks and direct own care and assistance can be scheduled); (2) Lodge Living (residents can manage some daily tasks and direct own care and assistance can be scheduled, although some non-scheduled assistance may be required); (3) Assisted Living (residents require assistance with many daily tasks, with increased scheduled and some non-scheduled assistance required); (4) Enhanced Level (residents require assistance with most or all daily tasks and frequent unscheduled assistance). In addition, there are two specialized designations of Supportive Care: (1) Alberta Enhanced Assisted Living (also referred to as Enhanced Lodges or Alberta Designated Supportive Living Level 4 (SL4) (provides 24-hour scheduled and unscheduled professional, personal care and support services provided by Licensed Practical Nurses and Health Care Aides); and (2) Enhanced Assisted Living Dementia Care Sites (also referred to as Designated Supportive Living Level 4 Dementia (SL4-D)) (provides assisted living for seniors living with cognitive impairments (such as Alzheimer's disease or other types of dementia) who require safe and secure living accommodation in a therapeutic environment).

Residents pay a fee to cover the costs of providing accommodations and services like meals, housekeeping and building maintenance. The accommodation fee varies by accommodation type and the services or amenities that are available to the resident. Alberta Health regulates the maximum accommodation fee in publicly-funded designated supportive living. In other types of supportive living settings, the operator sets the cost of accommodation. Health services are publicly-funded and provided through Alberta Health Services. Private sector operators of Supportive Living facilities are eligible to apply for funding under the Affordable Supportive Living Initiative ("ASLI"), an Alberta government capital grant program that provides funding to develop long-term care and affordable supportive living spaces in the province.

Nursing Homes (also referred to as long-term care) are for residents who have complex, unpredictable medical needs and who require 24-hour on-site registered nurse assessment or treatment.

Nursing homes are subject to the Nursing Homes Act, RSA 2000, c N-7, and the Nursing Home General Regulation, Alta Reg 232/1985, and Long-term Care Accommodation Standards. They are governed by the Ministry of Health.

Nursing home operators are not licensed, but enter into agreements with the Ministry for the operation of nursing homes. These facilities can be operated by private for-profit, private not-for-profit, or public operators.

All operators must comply with the Ministry of Health Long-term Care Accommodation Standards (March 2007, and revised). Operators that receive public funds, either directly or indirectly, for health and personal care services must also comply with the Continuing Care Health Service Standards and are subject to the Protection for Persons in Care Act.

The Ministry may conduct inspections of facilities and review records. Deficient facilities may be ordered to submit a correction plan.

Residents pay an accommodation fee to cover the costs of providing accommodations and services like meals, housekeeping and building maintenance. Alberta Health regulates the maximum accommodation fee in publicly-funded long-term care facilities. In other types of supportive living settings, the accommodation fee is set by the operator. Health services in long-term care are publicly-funded and provided through Alberta Health Services. Private sector operators of nursing homes are eligible to apply for funding under the ASLI. The Minister may make grants to an operator in respect of its operating or capital costs as prescribed by the regulations.

Ontario

Long-term care facilities, or nursing homes, receive government funding, are licensed under the Long-Term Care Homes Act, 2007 and are governed by the Ministry of Health and Long-Term Care. The LTC Homes Act places a strong emphasis on the protection of residents.

Retirement homes in Ontario are regulated under the Retirement Homes Act, 2010 (the "Act"). Retirement homes do not receive any government funding; residents pay for tenancy and services received at retirement homes. Residents may access publicly-funded external care services at the home from funded external suppliers.

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"). All of the homes in which we have an interest in Ontario are licensed as retirement homes. One of the homes also has some licensed long-term care beds.

Licenses can have conditions imposed upon them or can be suspended in circumstances where the operator is found to be in contravention of the Act. There is no set renewal period for licenses, and they terminate according to the terms set out in the license itself, or if one of the enumerated triggering mechanisms occurs (for example, if the operator ceases to have controlling interest in the license).

The licensee of a retirement home must ensure that the care provided by the home meets prescribed standards. The Act and its regulations include a number of detailed provisions with respect to care standards, safety plans in the event of emergency or infectious disease, temperature control, cleanliness, pest control, maintenance, food preparations, risk of resident falls and behavioral management, among other things. A care plan must be developed for each resident of the home (with their consent). The Act establishes a Residents' Bill of Rights, which provides residents with a list of rights, such as the right to participate fully in decision-making with respect to care, the right not to be restrained and the right to know what care services are provided and their cost. The Residents' Bill of Rights can be enforced as a contract.

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.

The Registrar of the RHRA has the power to inspect a retirement home at any time without warning or issue a warrant to ensure compliance with the Act. Compliance inspections occur at least every three years. The Registrar has the power to make a variety of orders including, for example, the imposition of a fine or an order revoking the operator's license. There is an appeal process in place with respect to orders made by the Registrar. The Act also enumerates offenses, such as operating without a license, and provides for penalties for offenses.

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).

The B.C. Act also creates a separate regime for regulating "assisted living residences," which are facilities providing at least one but not more than two prescribed care services. Assisted living residences are designed for those who can live independently, but who require assistance with certain activities. Unlike community care facilities, assisted living residences must be registered with the registrar of assisted living residences, but do not require a license. Nevertheless, assisted living residences must be operated in a manner that does not jeopardize the health or safety of its residents. If the registrar has reason to believe a residence is not being operated in accordance with this standard, the registrar may inspect the assisted living residence and may suspend or cancel a registration. Most of the residences in which we have an interest in B.C. are assisted living residences, with one being an independent living residence.

Independent living residences offer housing and hospitality services for retired adults who are functionally independent and able to direct their own care. Services available for residents can include, for example, meals, housekeeping, monitoring and emergency support, social and recreational opportunities, and transportation.

Québec

In Québec, retirement homes are regulated by the Act respecting Health Services and Social Services (the "Act") and the Regulation respecting the conditions for obtaining a certificate of compliance and the operating standards for a private seniors' residence (the "Regulation"), which refer to "private seniors' residences." Private seniors' residences in Québec are required to obtain a certificate of compliance. The Regulation is currently in the process of being amended.

A certificate of compliance is issued for a period of three years, is renewable and can only be validly transferred to another person with the written permission of the regional licensing agency. An agency may revoke a temporary certificate, or revoke or refuse to issue or renew a certificate of compliance if, among other things, the operator fails to comply with the Act and the Regulation, although the decision of the applicable agency can be contested before the Administrative Tribunal of Québec. The agency may also

order the residence to take corrective measures, further to an inspection, complaint and/or investigation. The agency is authorized to inspect a residence, at any reasonable time of day, in order to ascertain whether it complies with the Act and the Regulation.

Private seniors' residences may belong to either or both of the following two categories: those offering services to independent elderly persons and those offering services to semi-independent elderly persons. The operator of a residence must, for each category, comply with the applicable criteria and standards, with some exceptions provided for residences with fewer than six or ten rooms or apartments. The Act and the Regulation set out a number of detailed provisions with respect to residents' health and safety (including mandatory call-for-help systems, safety plans in the event of fire or infectious disease, health assessments, permissible control measures, as well as administration and distribution of medication), meal services and recreation, content of residents' files, disclosure of information to residents, and staffing requirements, among other things.

Other Related Laws

Privacy

The services provided in our facilities are generally subject to privacy legislation in Canada, including, in certain provinces, privacy laws specifically related to personal health information. Although the obligations of custodians of personal health information in the various provinces differ to some extent, they all include the obligation to protect the information. The organizations with which we have management agreements may be the custodian of personal health information/personal information collected in connection with the operation of our facilities.

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. Mandatory breach notification to the applicable regulator is a requirement under some laws, although not yet in effect in some provinces. 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.

Some privacy regulators in Canada have order-making authority and others are ombudspersons who make recommendations that may only be enforced by a court. Under a number of privacy laws, a finding by a regulator that a custodian has breached the law creates a right to apply to a court for money damages. In some provinces there is a statutory civil cause of action for breach of privacy. In other provinces, the courts have recognized a limited common law cause of action for breach of privacy.

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 is changing with civil actions for breach of privacy and may change further as a result of class action activity. Regulators have the authority to make public the identity of a 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 (mandatory under some privacy laws) and other activities required to manage a privacy breach can give rise to significant costs.

Other Legislation

Retirement homes may be subject to residential tenancy laws, such that there can be restrictions on rent increases and termination of tenancies, for instance. Other provincial legislation applicable to occupational health and safety, public health, and the provision of community health care and funded long-term/post-acute care may also apply to retirement homes. In addition, municipal laws with respect to matters such as fire safety, food services and zoning would also apply. In this connection in Ontario, the Building Code and Fire Code have been amended to include various safety measures such as mandatory sprinklers, self-closing doors and increased voice communication system requirements, with grace periods for compliance with some of the requirements.

In Quebec, the Safety Code was amended in December 2015 to require that private seniors' residences be equipped with a fire alarm and detection system, as well as the installation of a sprinkler system in certain private seniors' residences. The amendments come into force March 18, 2016, except regarding the installation of the sprinkler system, which has a five year grace period, and comes into force December 2, 2020.

Taxation

Federal Income Tax Considerations

The following summary of the taxation of the Company and the material federal tax consequences to the holders of our debt and equity securities is for general information only and is not tax advice. This summary does not address all aspects of taxation that may be relevant to certain types of holders of stock or securities (including, but not limited to, insurance companies, tax-exempt entities, financial institutions or broker-dealers, persons holding shares of common stock as part of a hedging, integrated conversion, or constructive sale transaction or a straddle, traders in securities that use a mark-to-market method of accounting for their securities, investors in pass-through entities and foreign corporations and persons who are not citizens or residents of the United States).

This summary does not discuss all of the aspects of U.S. federal income taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any state or local income taxation or foreign income taxation or other tax consequences. This summary is based on current U.S. federal income tax law. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of purchasing, owning and disposing of our securities as set forth in this summary. Before you purchase our securities, you should consult your own tax advisor regarding the particular U.S. federal, state, local, foreign and other tax consequences of acquiring, owning and selling our securities.

General

We elected to be taxed as a real estate investment trust (a “REIT”) commencing with our first taxable year. We intend to continue to operate in such a manner as to qualify as a REIT, but there is no guarantee that we will qualify or remain qualified as a REIT for subsequent years. Qualification and taxation as a REIT depends upon our ability to meet a variety of qualification tests imposed under federal income tax law with respect to income, assets, distribution level and diversity of share ownership as discussed below under “— Qualification as a REIT.” There can be no assurance that we will be owned and organized and will operate in a manner so as to qualify or remain qualified.

In any year in which we qualify as a REIT, in general, we will not be subject to federal income tax on that portion of our REIT taxable income or capital gain that is distributed to stockholders. We may, however, be subject to tax at normal corporate rates on any taxable income or capital gain not distributed. If we elect to retain and pay income tax on our net long-term capital gains, stockholders are required to include their proportionate share of our undistributed long-term capital gains in income, but they will receive a refundable credit for their share of any taxes paid by us on such gain.

Despite the REIT election, we may be subject to federal income and excise tax as follows:

- To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our “REIT taxable income,” as adjusted, we will be subject to tax on the undistributed amount at regular corporate tax rates;
- We may be subject to the “alternative minimum tax” (the “AMT”) on certain tax preference items to the extent that the AMT exceeds our regular tax;
- If we have net income from the sale or other disposition of “foreclosure property” that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, such income will be taxed at the highest corporate rate;
- Any net income from prohibited transactions (which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than dispositions of foreclosure property and dispositions of property due to an involuntary conversion) will be subject to a 100% tax;
- If we fail to satisfy either the 75% or 95% gross income tests (as discussed below), but nonetheless maintain our qualification as a REIT because certain other requirements are met, we will be subject to a 100% tax on an amount equal to (1) the gross income attributable to the greater of (i) 75% of our gross income over the amount of qualifying gross income for purposes of the 75% gross income test (discussed below) or (ii) 95% of our gross income over the amount of qualifying gross income for purposes of the 95% gross income test (discussed below) multiplied by (2) a fraction intended to reflect our profitability;
- If we fail to distribute during each year at least the sum of (1) 85% of our REIT ordinary income for the year, (2) 95% of our REIT capital gain net income for such year (other than capital gain that we elect to retain and pay tax on) and (3) any undistributed taxable income from preceding periods, we will be subject to a 4% excise tax on the excess of such required distribution over amounts actually distributed;
- We will be subject to a 100% tax on the amount of any rents from real property, deductions or excess interest paid to us by any of our “taxable REIT subsidiaries” that would be reduced through reallocation under certain federal income tax principles in order to more clearly reflect income of the taxable REIT subsidiary. See “— Qualification as a REIT — Investments in Taxable REIT Subsidiaries;” and

- We may be subject to the corporate “alternative minimum tax” on any items of tax preference, including any deductions of net operating losses.

If we acquire any assets from a corporation, which is or has been a “C” corporation, in a carryover basis transaction, we could be liable for specified liabilities that are inherited from the “C” corporation. A “C” corporation is generally defined as a corporation that is required to pay full corporate level federal income tax. If we recognize gain on the disposition of the assets during the five-year period beginning on the date on which the assets were acquired by us, then, to the extent of the assets’ “built-in gain” (i.e., the excess of the fair market value of the asset over the adjusted tax basis in the asset, in each case determined as of the beginning of the five-year period), we will be subject to tax on the gain at the highest regular corporate rate applicable. The results described in this paragraph with respect to the recognition of built-in gain assume that the built-in gain assets, at the time the built-in gain assets were subject to a conversion transaction (either where a “C” corporation elected REIT status or a REIT acquired the assets from a “C” corporation), were not treated as sold to an unrelated party and gain recognized. For those properties that are subject to the built-in-gains tax, if triggered by a sale within the five-year period beginning on the date on which the properties were acquired by us, then the potential amount of built-in-gains tax will be an additional factor when considering a possible sale of the properties. See Note 18 to our consolidated financial statements for additional information regarding the built-in gains tax.

Qualification as a REIT

A REIT is defined as a corporation, trust or association:

- (1) which is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (3) which would be taxable as a domestic corporation but for the federal income tax law relating to REITs;
- (4) which is neither a financial institution nor an insurance company;
- (5) the beneficial ownership of which is held by 100 or more persons in each taxable year of the REIT except for its first taxable year;
- (6) not more than 50% in value of the outstanding stock of which is owned during the last half of each taxable year, excluding its first taxable year, directly or indirectly, by or for five or fewer individuals (which includes certain entities) (the “Five or Fewer Requirement”); and
- (7) which meets certain income and asset tests described below.

Conditions (1) to (4), inclusive, must be met during the entire taxable year and condition (5) must be met during at least 335 days of a taxable year of 12 months or during a proportionate part of a taxable year of less than 12 months. For purposes of conditions (5) and (6), pension funds and certain other tax-exempt entities are treated as individuals, subject to a “look-through” exception in the case of condition (6).

Based on publicly available information, we believe we have satisfied the share ownership requirements set forth in (5) and (6) above. In addition, Article VI of our by-laws provides for restrictions regarding ownership and transfer of shares. These restrictions are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above.

We have complied with, and will continue to comply with, regulatory rules to send annual letters to certain of our stockholders requesting information regarding the actual ownership of our stock. If, despite sending the annual letters, we do not know, or after exercising reasonable diligence would not have known, whether we failed to meet the Five or Fewer Requirement, we will be treated as having met the Five or Fewer Requirement. If we fail to comply with these regulatory rules, we will be subject to a monetary penalty. If our failure to comply was due to intentional disregard of the requirement, the penalty would be increased. However, if our failure to comply were due to reasonable cause and not willful neglect, no penalty would be imposed.

We may own a number of properties through wholly owned subsidiaries. A corporation will qualify as a “qualified REIT subsidiary” if 100% of its stock is owned by a REIT, and the REIT does not elect to treat the subsidiary as a taxable REIT subsidiary. A “qualified REIT subsidiary” will not be treated as a separate corporation, and all assets, liabilities and items of income, deductions and credits of a “qualified REIT subsidiary” will be treated as assets, liabilities and items (as the case may be) of the REIT. A

“qualified REIT subsidiary” is not subject to federal income tax, and our ownership of the voting stock of a qualified REIT subsidiary will not violate the restrictions against ownership of securities of any one issuer which constitute more than 10% of the value or total voting power of such issuer or more than 5% of the value of our total assets, as described below under “— Asset Tests.”

If we invest in a partnership, a limited liability company or a trust taxed as a partnership or as a disregarded entity, we will be deemed to own a proportionate share of the partnership’s, limited liability company’s or trust’s assets. Likewise, we will be treated as receiving our share of the income and loss of the partnership, limited liability company or trust, and the gross income will retain the same character in our hands as it has in the hands of the partnership, limited liability company or trust. These “look-through” rules apply for purposes of the income tests and assets tests described below.

Income Tests. There are two separate percentage tests relating to our sources of gross income that we must satisfy for each taxable year.

- At least 75% of our gross income (excluding gross income from certain sales of property held primarily for sale) must be directly or indirectly derived each taxable year from “rents from real property,” other income from investments relating to real property or mortgages on real property or certain income from qualified temporary investments.
- At least 95% of our gross income (excluding gross income from certain sales of property held primarily for sale) must be directly or indirectly derived each taxable year from any of the sources qualifying for the 75% gross income test and from dividends (including dividends from taxable REIT subsidiaries) and interest.

As to transactions entered into in taxable years beginning after October 22, 2004 and on or prior to July 30, 2008, any of our income from a “clearly identified” hedging transaction that is entered into by us in the normal course of business, directly or indirectly, to manage the risk of interest rate movements, price changes or currency fluctuations with respect to borrowings or obligations incurred or to be incurred by us, or such other risks that are prescribed by the Internal Revenue Service, is excluded from the 95% gross income test.

For transactions entered into after July 30, 2008, any of our income from a “clearly identified” hedging transaction that is entered into by us in the normal course of business, directly or indirectly, to manage the risk of interest rate movements, price changes or currency fluctuations with respect to borrowings or obligations incurred or to be incurred by us is excluded from the 95% and 75% gross income tests.

For transactions entered into after July 30, 2008, any of our income from a “clearly identified” hedging transaction entered into by us primarily to manage risk of currency fluctuations with respect to any item of income or gain that is included in gross income in the 95% and 75% gross income tests is excluded from the 95% and 75% gross income tests.

In general, a hedging transaction is “clearly identified” if (1) the transaction is identified as a hedging transaction before the end of the day on which it is entered into and (2) the items or risks being hedged are identified “substantially contemporaneously” with the hedging transaction. An identification is not substantially contemporaneous if it is made more than 35 days after entering into the hedging transaction.

As to gains and items of income recognized after July 30, 2008, “passive foreign exchange gain” for any taxable year will not constitute gross income for purposes of the 95% gross income test and “real estate foreign exchange gain” for any taxable year will not constitute gross income for purposes of the 75% gross income test. Real estate foreign exchange gain is foreign currency gain (as defined in Internal Revenue Code Section 988(b)(1)) which is attributable to: (i) any qualifying item of income or gain for purposes of the 75% gross income test; (ii) the acquisition or ownership of obligations secured by mortgages on real property or interests in real property; or (iii) becoming or being the obligor under obligations secured by mortgages on real property or on interests in real property. Real estate foreign exchange gain also includes Internal Revenue Code Section 987 gain attributable to a qualified business unit (a “QBU”) of a REIT if the QBU itself meets the 75% gross income test for the taxable year and the 75% asset test at the close of each quarter that the REIT has directly or indirectly held the QBU. Real estate foreign exchange gain also includes any other foreign currency gain as determined by the Secretary of the Treasury. Passive foreign exchange gain includes all real estate foreign exchange gain and foreign currency gain which is attributable to: (i) any qualifying item of income or gain for purposes of the 95% gross income test; (ii) the acquisition or ownership of obligations; (iii) becoming or being the obligor under obligations; and (iv) any other foreign currency gain as determined by the Secretary of the Treasury.

Generally, other than income from “clearly identified” hedging transactions entered into by us in the normal course of business, any foreign currency gain derived by us from dealing, or engaging in substantial and regular trading, in securities will constitute gross income which does not qualify under the 95% or 75% gross income tests.

Rents received by us will qualify as “rents from real property” for purposes of satisfying the gross income tests for a REIT only if several conditions are met:

- The amount of rent must not be based in whole or in part on the income or profits of any person, although rents generally will not be excluded merely because they are based on a fixed percentage or percentages of receipts or sales.
- Rents received from a tenant will not qualify as rents from real property if the REIT, or an owner of 10% or more of the REIT, also directly or constructively owns 10% or more of the tenant, unless the tenant is our taxable REIT subsidiary and certain other requirements are met with respect to the real property being rented.
- If rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as “rents from real property.”
- For rents to qualify as rents from real property, we generally must not furnish or render services to tenants, other than through a taxable REIT subsidiary or an “independent contractor” from whom we derive no income, except that we may directly provide services that are “usually or customarily rendered” in the geographic area in which the property is located in connection with the rental of real property for occupancy only, or are not otherwise considered “rendered to the occupant for his convenience.”
- For taxable years beginning after July 30, 2008, the REIT may lease “qualified health care properties” on an arm’s-length basis to a taxable REIT subsidiary if the property is operated on behalf of such subsidiary by a person who qualifies as an “independent contractor” and who is, or is related to a person who is, actively engaged in the trade or business of operating health care facilities for any person unrelated to us or our taxable REIT subsidiary, an “eligible independent contractor.” Generally, the rent that the REIT receives from the taxable REIT subsidiary will be treated as “rents from real property.” A “qualified health care property” includes any 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 that extends medical or nursing or ancillary services to patients and is operated by a provider of such services that is eligible for participation in the Medicare program with respect to such facility.

A REIT is permitted to render a de minimis amount of impermissible services to tenants and still treat amounts received with respect to that property as rent from real property. The amount received or accrued by the REIT during the taxable year for the impermissible services with respect to a property may not exceed 1% of all amounts received or accrued by the REIT directly or indirectly from the property. The amount received for any service or management operation for this purpose shall be deemed to be not less than 150% of the direct cost of the REIT in furnishing or rendering the service or providing the management or operation. Furthermore, impermissible services may be furnished to tenants by a taxable REIT subsidiary subject to certain conditions, and we may still treat rents received with respect to the property as rent from real property.

The term “interest” generally does not include any amount if the determination of the amount depends in whole or in part on the income or profits of any person, although an amount generally will not be excluded from the term “interest” solely by reason of being based on a fixed percentage of receipts or sales.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for such year if we are eligible for relief. These relief provisions generally will be available if (1) following our identification of the failure, we file a schedule for such taxable year describing each item of our gross income, and (2) the failure to meet such tests was due to reasonable cause and not due to willful neglect.

It is not now possible to determine the circumstances under which we may be entitled to the benefit of these relief provisions. If these relief provisions apply, a 100% tax is imposed on an amount equal to (a) the gross income attributable to (1) 75% of our gross income over the amount of qualifying gross income for purposes of the 75% income test and (2) 95% of our gross income over the amount of qualifying gross income for purposes of the 95% income test, multiplied by (b) a fraction intended to reflect our profitability.

The Secretary of the Treasury is given broad authority to determine whether particular items of income or gain qualify or not under the 75% and 95% gross income tests, or are to be excluded from the measure of gross income for such purposes.

Asset Tests. Within 30 days after the close of each quarter of our taxable year, we must also satisfy several tests relating to the nature and diversification of our assets determined in accordance with generally accepted accounting principles. At least 75% of the value of our total assets must be represented by real estate assets, cash, cash items (including receivables arising in the ordinary course of our operation), government securities and qualified temporary investments. Although the remaining 25% of our assets generally may be invested without restriction, we are prohibited from owning securities representing more than 10% of either the vote (the “10% vote test”) or value (the “10% value test”) of the outstanding securities of any issuer other than a qualified REIT subsidiary,

another REIT or a taxable REIT subsidiary. Further, no more than 25% (20% for tax years beginning after 2017) of the total assets may be represented by securities of one or more taxable REIT subsidiaries (the “25% asset test”) and no more than 5% of the value of our total assets may be represented by securities of any non-governmental issuer other than a qualified REIT subsidiary (the “5% asset test”), another REIT or a taxable REIT subsidiary. Each of the 10% vote test, the 10% value test and the 25% and 5% asset tests must be satisfied at the end of each quarter. There are special rules which provide relief if the value related tests are not satisfied due to changes in the value of the assets of a REIT.

Certain items are excluded from the 10% value test, including: (1) straight debt securities (as defined in Internal Revenue Code Section 1361(c)(5)) of an issuer (including straight debt that provides certain contingent payments); (2) any loan to an individual or an estate; (3) any rental agreement described in Section 467 of the Internal Revenue Code, other than with a “related person”; (4) any obligation to pay rents from real property; (5) certain securities issued by a state or any subdivision thereof, the District of Columbia, a foreign government, or any political subdivision thereof, or the Commonwealth of Puerto Rico; (6) any security issued by a REIT; and (7) any other arrangement that, as determined by the Secretary of the Treasury, is excepted from the definition of security (“excluded securities”). Special rules apply to straight debt securities issued by corporations and entities taxable as partnerships for federal income tax purposes. If a REIT, or its taxable REIT subsidiary, holds (1) straight debt securities of a corporate or partnership issuer and (2) securities of such issuer that are not excluded securities and have an aggregate value greater than 1% of such issuer’s outstanding securities, the straight debt securities will be included in the 10% value test.

A REIT’s interest as a partner in a partnership is not treated as a security for purposes of applying the 10% value test to securities issued by the partnership. Further, any debt instrument issued by a partnership will not be a security for purposes of applying the 10% value test (1) to the extent of the REIT’s interest as a partner in the partnership and (2) if at least 75% of the partnership’s gross income (excluding gross income from prohibited transactions) would qualify for the 75% gross income test. For purposes of the 10% value test, a REIT’s interest in a partnership’s assets is determined by the REIT’s proportionate interest in any securities issued by the partnership (other than the excluded securities described in the preceding paragraph).

For taxable years beginning after July 30, 2008, if the REIT or its QBU uses a foreign currency as its functional currency, the term “cash” includes such foreign currency, but only to the extent such foreign currency is (i) held for use in the normal course of the activities of the REIT or QBU which give rise to items of income or gain that are included in the 95% and 75% gross income tests or are directly related to acquiring or holding assets qualifying under the 75% asset test, and (ii) not held in connection with dealing or engaging in substantial and regular trading in securities.

With respect to corrections of failures as to violations of the 10% vote test, the 10% value test or the 5% asset test, a REIT may avoid disqualification as a REIT by disposing of sufficient assets to cure a violation that does not exceed the lesser of 1% of the REIT’s assets at the end of the relevant quarter or \$10,000,000, provided that the disposition occurs within six months following the last day of the quarter in which the REIT first identified the assets. For violations of any of the REIT asset tests due to reasonable cause and not willful neglect that exceed the thresholds described in the preceding sentence, a REIT can avoid disqualification as a REIT after the close of a taxable quarter by taking certain steps, including disposition of sufficient assets within the six month period described above to meet the applicable asset test, paying a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets during the period of time that the assets were held as non-qualifying assets and filing a schedule with the Internal Revenue Service that describes the non-qualifying assets.

Investments in Taxable REIT Subsidiaries. REITs may own more than 10% of the voting power and value of securities in taxable REIT subsidiaries. Unlike a qualified REIT subsidiary, other disregarded entity or partnership, the income and assets of a taxable REIT subsidiary are not attributable to the REIT for purposes of satisfying the income and asset ownership requirements applicable to REIT qualification. We and any taxable corporate entity in which we own an interest are allowed to jointly elect to treat such entity as a “taxable REIT subsidiary.”

Certain of our subsidiaries have elected to be treated as a taxable REIT subsidiary. Taxable REIT subsidiaries are subject to full corporate level federal taxation on their earnings but are permitted to engage in certain types of activities that cannot be performed directly by REITs without jeopardizing their REIT status. Our taxable REIT subsidiaries will attempt to minimize the amount of these taxes, but there can be no assurance whether or the extent to which measures taken to minimize taxes will be successful. To the extent our taxable REIT subsidiaries are required to pay federal, state or local taxes, the cash available for distribution as dividends to us from our taxable REIT subsidiaries will be reduced.

The amount of interest on related-party debt that a taxable REIT subsidiary may deduct is limited. Further, a 100% tax applies to any interest payments by a taxable REIT subsidiary to its affiliated REIT to the extent the interest rate is not commercially reasonable. A taxable REIT subsidiary is permitted to deduct interest payments to unrelated parties without any of these restrictions.

The Internal Revenue Service may reallocate costs between a REIT and its taxable REIT subsidiary where there is a lack of arm’s-length dealing between the parties. Any deductible expenses allocated away from a taxable REIT subsidiary would increase its tax liability. Further, any amount by which a REIT understates its deductions and overstates those of its taxable REIT subsidiary may, subject to certain exceptions, be subject to a 100% tax. Additional taxable REIT subsidiary elections may be made in the future for additional entities in which we obtain an interest.

Annual Distribution Requirements. In order to avoid being taxed as a regular corporation, we are required to make distributions (other than capital gain distributions) to our stockholders which qualify for the dividends paid deduction in an amount at least equal to (1) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and (ii) 90% of the after-tax net income, if any, from foreclosure property, minus (2) a portion of certain items of non-cash income. These distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for that year and if paid on or before the first regular distribution payment after such declaration. Prior to recently enacted legislation, with respect to all REITs the amount distributed could not be preferential. This means that every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated otherwise than in accordance with its dividend rights as a class (the "preferential dividend rule"). Beginning in tax years after 2014, the preferential dividend rule no longer applies to publicly offered REITs, however, the rule is still applicable to other entities taxed as REITs, which would include several of our subsidiaries. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, we will be subject to tax on the undistributed amount at regular corporate tax rates. As discussed above, we may be subject to an excise tax if we fail to meet certain other distribution requirements. We believe we have satisfied the annual distribution requirements for the year of our initial REIT election and each year thereafter through the year ended December 31, 2015. Although we intend to make timely distributions sufficient to satisfy these annual distribution requirements for subsequent years, economic, market, legal, tax or other factors could limit our ability to meet those requirements. See "Item 1A — Risk Factors."

It is also possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the 90% distribution requirement, or to distribute such greater amount as may be necessary to avoid income and excise taxation, due to, among other things, (1) timing differences between (i) the actual receipt of income and actual payment of deductible expenses and (ii) the inclusion of income and deduction of expenses in arriving at our taxable income, or (2) the payment of severance benefits that may not be deductible to us. In the event that timing differences occur, we may find it necessary to arrange for borrowings or, if possible, pay dividends in the form of taxable stock dividends in order to meet the distribution requirement.

Under certain circumstances, in the event of a deficiency determined by the Internal Revenue Service, we may be able to rectify a resulting failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in our deduction for distributions paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends; however, we will be required to pay applicable penalties and interest based upon the amount of any deduction taken for deficiency dividend distributions.

Failure to Qualify as a REIT

If we fail to qualify for taxation as a REIT in any taxable year, we will be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible nor will any particular amount of distributions be required to be made in any year. All distributions to stockholders will be taxable as ordinary income to the extent of current and accumulated earnings and profits allocable to these distributions and, subject to certain limitations, will be eligible for the dividends received deduction for corporate stockholders. Unless entitled to relief under specific statutory provisions, we also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances we would be entitled to statutory relief. Failure to qualify for even one year could result in our need to incur indebtedness or liquidate investments in order to pay potentially significant resulting tax liabilities.

In addition to the relief described above under "— Income Tests" and "— Asset Tests," relief is available in the event that we violate a provision of the Internal Revenue Code that would result in our failure to qualify as a REIT if: (1) the violation is due to reasonable cause and not due to willful neglect; (2) we pay a penalty of \$50,000 for each failure to satisfy the provision; and (3) the violation does not include a violation described under "— Income Tests" or "— Asset Tests" above. It is not now possible to determine the circumstances under which we may be entitled to the benefit of these relief provisions.

Federal Income Taxation of Holders of Our Stock

Treatment of Taxable U.S. Stockholders. The following summary applies to you only if you are a "U.S. stockholder." A "U.S. stockholder" is a holder of shares of stock who, for United States federal income tax purposes, is:

- a citizen or resident of the United States;
- a corporation, partnership or other entity classified as a corporation or partnership for these purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States, including any state;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or

- a trust, if, in general, a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons, within the meaning of the Internal Revenue Code, has the authority to control all of the trust's substantial decisions.

So long as we qualify for taxation as a REIT, distributions on shares of our stock made out of the current or accumulated earnings and profits allocable to these distributions (and not designated as capital gain dividends) will be includable as ordinary income for federal income tax purposes. None of these distributions will be eligible for the dividends received deduction for U.S. corporate stockholders.

Generally, the current maximum marginal rate of tax payable by individuals on dividends received from corporations that are subject to a corporate level of tax is 20%. Except in limited circumstances, this tax rate will not apply to dividends paid to you by us on our shares, because generally we are not subject to federal income tax on the portion of our REIT taxable income or capital gains distributed to our stockholders. The reduced maximum federal income tax rate will apply to that portion, if any, of dividends received by you with respect to our shares that are attributable to: (1) dividends received by us from non-REIT corporations or other taxable REIT subsidiaries; (2) income from the prior year with respect to which we were required to pay federal corporate income tax during the prior year (if, for example, we did not distribute 100% of our REIT taxable income for the prior year); or (3) the amount of any earnings and profits that were distributed by us and accumulated in a non-REIT year.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed our actual net capital gain for the taxable year), without regard to the period for which you held our stock. However, if you are a corporation, you may be required to treat a portion of some capital gain dividends as ordinary income.

If we elect to retain and pay income tax on any net long-term capital gain, you would include in income, as long-term capital gain, your proportionate share of this net long-term capital gain. You would also receive a refundable tax credit for your proportionate share of the tax paid by us on such retained capital gains, and you would have an increase in the basis of your shares of our stock in an amount equal to your includable capital gains less your share of the tax deemed paid.

You may not include in your federal income tax return any of our net operating losses or capital losses. Federal income tax rules may also require that certain minimum tax adjustments and preferences be apportioned to you. In addition, any distribution declared by us in October, November or December of any year on a specified date in any such month shall be treated as both paid by us and received by you on December 31 of that year, provided that the distribution is actually paid by us no later than January 31 of the following year.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed under “— General” and “— Qualification as a REIT — Annual Distribution Requirements” above. As a result, you may be required to treat as taxable dividends certain distributions that would otherwise result in a tax-free return of capital. Moreover, any “deficiency dividend” will be treated as a dividend (an ordinary dividend or a capital gain dividend, as the case may be), regardless of our earnings and profits. Any other distributions in excess of current or accumulated earnings and profits will not be taxable to you to the extent these distributions do not exceed the adjusted tax basis of your shares of our stock. You will be required to reduce the tax basis of your shares of our stock by the amount of these distributions until the basis has been reduced to zero, after which these distributions will be taxable as capital gain, if the shares of our stock are held as capital assets. The tax basis as so reduced will be used in computing the capital gain or loss, if any, realized upon sale of the shares of our stock. Any loss upon a sale or exchange of shares of our stock which were held for six months or less (after application of certain holding period rules) will generally be treated as a long-term capital loss to the extent you previously received capital gain distributions with respect to these shares of our stock.

Upon the sale or exchange of any shares of our stock to or with a person other than us or a sale or exchange of all shares of our stock (whether actually or constructively owned) with us, you will generally recognize capital gain or loss equal to the difference between the amount realized on the sale or exchange and your adjusted tax basis in these shares of our stock. This gain will be capital gain if you held these shares of our stock as a capital asset.

If we redeem any of your shares in us, the treatment can only be determined on the basis of particular facts at the time of redemption. In general, you will recognize gain or loss (as opposed to dividend income) equal to the difference between the amount received by you in the redemption and your adjusted tax basis in your shares redeemed if such redemption: (1) results in a “complete termination” of your interest in all classes of our equity securities; (2) is a “substantially disproportionate redemption”; or (3) is “not essentially equivalent to a dividend” with respect to you. In applying these tests, you must take into account your ownership of all classes of our equity securities (e.g., common stock, preferred stock, depository shares and warrants). You also must take into account any equity securities that are considered to be constructively owned by you.

If, as a result of a redemption by us of your shares, you no longer own (either actually or constructively) any of our equity securities or only own (actually and constructively) an insubstantial percentage of our equity securities, then it is probable that the redemption of your shares would be considered “not essentially equivalent to a dividend” and, thus, would result in gain or loss to you. However, whether a distribution is “not essentially equivalent to a dividend” depends on all of the facts and circumstances, and if you rely on any of these tests at the time of redemption, you should consult your tax advisor to determine their application to the particular situation.

Generally, if the redemption does not meet the tests described above, then the proceeds received by you from the redemption of your shares will be treated as a distribution taxable as a dividend to the extent of the allocable portion of current or accumulated earnings and profits. If the redemption is taxed as a dividend, your adjusted tax basis in the redeemed shares will be transferred to any other shareholdings in us that you own. If you own no other shareholdings in us, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

Gain from the sale or exchange of our shares held for more than one year is generally taxed at a maximum long-term capital gain rate of 20% in the case of stockholders who are individuals and 35% in the case of stockholders that are corporations. Pursuant to Internal Revenue Service guidance, we may classify portions of our capital gain dividends as gains eligible for the long-term capital gains rate or as gain taxable to individual stockholders at a maximum rate of 25%. Capital losses recognized by a stockholder upon the disposition of our shares held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the stockholder but not ordinary income (except in the case of individuals, who may offset up to \$3,000 of ordinary income each year).

An additional tax of 3.8% generally will be imposed on the “net investment income” of U.S. stockholders who meet certain requirements and are individuals, estates or certain trusts. Among other items, “net investment income” generally includes gross income from dividends and net gain attributable to the disposition of certain property, such as shares of our common stock or warrants. In the case of individuals, this tax will only apply to the extent such individual’s modified adjusted gross income exceeds \$200,000 (\$250,000 for married couples filing a joint return and surviving spouses, and \$125,000 for married individuals filing a separate return). U.S. stockholders should consult their tax advisors regarding the possible applicability of this additional tax in their particular circumstances.

Treatment of Tax-Exempt U.S. Stockholders. Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts (“Exempt Organizations”), generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income (“UBTI”). The Internal Revenue Service has issued a published revenue ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI, provided that the shares of the REIT are not otherwise used in an unrelated trade or business of the exempt employee pension trust. Based on this ruling, amounts distributed by us to Exempt Organizations generally should not constitute UBTI. However, if an Exempt Organization finances its acquisition of the shares of our stock with debt, a portion of its income from us will constitute UBTI pursuant to the “debt financed property” rules. Likewise, a portion of the Exempt Organization’s income from us would constitute UBTI if we held a residual interest in a real estate mortgage investment conduit.

In addition, in certain circumstances, a pension trust that owns more than 10% of our stock is required to treat a percentage of our dividends as UBTI. This rule applies to a pension trust holding more than 10% of our stock only if: (1) the percentage of our income that is UBTI (determined as if we were a pension trust) is at least 5%; (2) we qualify as a REIT by reason of the modification of the Five or Fewer Requirement that allows beneficiaries of the pension trust to be treated as holding shares in proportion to their actuarial interests in the pension trust; and (3) either (i) one pension trust owns more than 25% of the value of our stock, or (ii) a group of pension trusts individually holding more than 10% of the value of our stock collectively own more than 50% of the value of our stock.

Backup Withholding and Information Reporting. Under certain circumstances, you may be subject to backup withholding at applicable rates on payments made with respect to, or cash proceeds of a sale or exchange of, shares of our stock. Backup withholding will apply only if you: (1) fail to provide a correct taxpayer identification number, which if you are an individual, is ordinarily your social security number; (2) furnish an incorrect taxpayer identification number; (3) are notified by the Internal Revenue Service that you have failed to properly report payments of interest or dividends; or (4) fail to certify, under penalties of perjury, that you have furnished a correct taxpayer identification number and that the Internal Revenue Service has not notified you that you are subject to backup withholding.

Backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. You should consult with a tax advisor regarding qualification for exemption from backup withholding, and the procedure for obtaining an exemption. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a stockholder will be allowed as a credit against such stockholder’s United States federal income tax liability and may entitle such stockholder to a refund, provided that the required information is provided to the Internal Revenue Service. In addition, withholding a portion of capital gain distributions made to stockholders may be required for stockholders who fail to certify their non-foreign status.

Taxation of Foreign Stockholders. The following summary applies to you only if you are a foreign person. The federal taxation of foreign persons is a highly complex matter that may be affected by many considerations.

Except as discussed below, distributions to you of cash generated by our real estate operations in the form of ordinary dividends, but not by the sale or exchange of our capital assets, generally will be subject to U.S. withholding tax at a rate of 30%, unless an applicable tax treaty reduces that tax and you file with us the required form evidencing the lower rate.

In general, you will be subject to United States federal income tax on a graduated rate basis rather than withholding with respect to your investment in our stock if such investment is “effectively connected” with your conduct of a trade or business in the United States. A corporate foreign stockholder that receives income that is, or is treated as, effectively connected with a United States trade or business may also be subject to the branch profits tax, which is payable in addition to regular United States corporate income tax. The following discussion will apply to foreign stockholders whose investment in us is not so effectively connected. We expect to withhold United States income tax, as described below, on the gross amount of any distributions paid to you unless (1) you file an Internal Revenue Service Form W-8ECI with us claiming that the distribution is “effectively connected” or (2) certain other exceptions apply.

Distributions by us that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to you under the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”) as if these distributions were gains “effectively connected” with a United States trade or business. Accordingly, you will be taxed at the normal capital gain rates applicable to a U.S. stockholder on these amounts, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals. Distributions subject to FIRPTA may also be subject to a branch profits tax in the hands of a corporate foreign stockholder that is not entitled to treaty exemption.

We will be required to withhold from distributions subject to FIRPTA, and remit to the Internal Revenue Service, 35% of designated capital gain dividends, or, if greater, 35% of the amount of any distributions that could be designated as capital gain dividends. In addition, if we designate prior distributions as capital gain dividends, subsequent distributions, up to the amount of the prior distributions not withheld against, will be treated as capital gain dividends for purposes of withholding.

Any capital gain dividend with respect to any class of stock that is “regularly traded” on an established securities market will be treated as an ordinary dividend if the foreign stockholder did not own more than 10% of such class of stock at any time during the taxable year. Foreign stockholders generally will not be required to report distributions received from us on U.S. federal income tax returns and all distributions treated as dividends for U.S. federal income tax purposes (including any such capital gain dividends) will be subject to a 30% U.S. withholding tax (unless reduced under an applicable income tax treaty) as discussed above. In addition, the branch profits tax will not apply to such distributions.

Unless our shares constitute a “United States real property interest” within the meaning of FIRPTA or are effectively connected with a U.S. trade or business, a sale of our shares by you generally will not be subject to United States taxation. Though, under the Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”), enacted on December 18, 2015, even if our shares were to constitute a “United States real property interest,” non-U.S. stockholders that are “qualified foreign pension funds” (or are owned by a qualified foreign pension) meeting certain requirements may be exempt from FIRPTA withholding on the sale or disposition of our shares. Our shares will not constitute a United States real property interest if we qualify as a “domestically controlled REIT.” We believe that we, and expect to continue to, qualify as a domestically controlled REIT. A domestically controlled REIT is a REIT in which at all times during a specified testing period less than 50% in value of its shares is held directly or indirectly by foreign stockholders. Generally, under the PATH Act, we are permitted to assume that holders of less than 5% of our shares at all times during a specified testing period are U.S. persons. However, if you are a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions apply, you will be subject to a 30% tax on such capital gains. In any event, a purchaser of our shares from you will not be required under FIRPTA to withhold on the purchase price if the purchased shares are “regularly traded” on an established securities market or if we are a domestically controlled REIT. Otherwise, under FIRPTA, the purchaser may be required to withhold 10% (increased to 15% under the PATH Act for distributions occurring after February 16, 2016) of the purchase price and remit such amount to the Internal Revenue Service.

Backup withholding tax and information reporting will generally not apply to distributions paid to you outside the United States that are treated as: (1) dividends to which the 30% or lower treaty rate withholding tax discussed above applies; (2) capital gains dividends; or (3) distributions attributable to gain from the sale or exchange by us of U.S. real property interests. Payment of the proceeds of a sale of stock within the United States or conducted through certain U.S. related financial intermediaries is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that he or she is not a U.S. person (and the payor does not have actual knowledge that the beneficial owner is a U.S. person) or otherwise established an exemption. You may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service.

Withholding tax at a rate of 30% will be imposed on certain payments to you or certain foreign financial institutions (including investment funds) and other non-US persons receiving payments on your behalf, including distributions in respect of shares of our

stock and gross proceeds from the sale of shares of our stock, if you or such institutions fail to comply with certain due diligence, disclosure and reporting rules, as set forth in recently issued Treasury regulations. Accordingly, the entity through which shares of our stock are held will affect the determination of whether such withholding is required. Withholding currently applies to payments of dividends made after June 30, 2014, and will apply to payments of gross proceeds from a sale of shares of our stock made after December 31, 2018. Stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect to such dividends and proceeds will be required to seek a refund from the Internal Revenue Service to obtain the benefit of such exemption or reduction. Additional requirements and conditions may be imposed pursuant to an intergovernmental agreement, if and when entered into, between the United States and such institution's home jurisdiction. We will not pay any additional amounts to any stockholders in respect of any amounts withheld. You are encouraged to consult with your tax advisor regarding U.S. withholding taxes and the application of the recently issued Treasury regulations in light of your particular circumstances.

U.S. Federal Income Taxation of Holders of Depositary Shares

Owners of our depositary shares will be treated as if you were owners of the series of preferred stock represented by the depositary shares. Thus, you will be required to take into account the income and deductions to which you would be entitled if you were a holder of the underlying series of preferred stock.

Conversion or Exchange of Shares for Preferred Stock. No gain or loss will be recognized upon the withdrawal of preferred stock in exchange for depositary shares and the tax basis of each share of preferred stock will, upon exchange, be the same as the aggregate tax basis of the depositary shares exchanged. If you held your depositary shares as a capital asset at the time of the exchange for shares of preferred stock, the holding period for your shares of preferred stock will include the period during which you owned the depositary shares.

U.S. Federal Income and Estate Taxation of Holders of Our Debt Securities

The following is a general summary of the United States federal income tax consequences and, in the case that you are a holder that is a non-U.S. holder, as defined below, the United States federal estate tax consequences, of purchasing, owning and disposing of debt securities periodically offered under one or more indentures (the "notes"). This summary assumes that you hold the notes as capital assets. This summary applies to you only if you are the initial holder of the notes and you acquire the notes for a price equal to the issue price of the notes. The issue price of the notes is the first price at which a substantial amount of the notes is sold other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. In addition, this summary does not consider any foreign, state, local or other tax laws that may be applicable to us or a purchaser of the notes.

U.S. Holders

The following summary applies to you only if you are a U.S. holder, as defined below.

Definition of a U.S. Holder. A "U.S. holder" is a beneficial owner of a note or notes that is for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, partnership or other entity classified as a corporation or partnership for these purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States, including any state;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if, in general, a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons, within the meaning of the Internal Revenue Code, has the authority to control all of the trust's substantial decisions.

Payments of Interest. Stated interest on the notes generally will be taxed as ordinary interest income from domestic sources at the time it is paid or accrues in accordance with your method of accounting for tax purposes.

Sale, Exchange or Other Disposition of Notes. The adjusted tax basis in your note acquired at a premium will generally be your cost. You generally will recognize taxable gain or loss when you sell or otherwise dispose of your notes equal to the difference, if any, between:

- the amount realized on the sale or other disposition, less any amount attributable to any accrued interest, which will be taxable

in the manner described under “— Payments of Interest” above; and

- your adjusted tax basis in the notes.

Your gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if at the time of the sale or other disposition you have held the notes for more than one year. Subject to limited exceptions, your capital losses cannot be used to offset your ordinary income (except in the case of individuals, who may offset up to \$3,000 of ordinary income each year).

Backup Withholding and Information Reporting. In general, “backup withholding” may apply to any payments made to you of principal and interest on your note, and to payment of the proceeds of a sale or other disposition of your note before maturity, if you are a non-corporate U.S. holder and: (1) fail to provide a correct taxpayer identification number, which if you are an individual, is ordinarily your social security number; (2) furnish an incorrect taxpayer identification number; (3) are notified by the Internal Revenue Service that you have failed to properly report payments of interest or dividends; or (4) fail to certify, under penalties of perjury, that you have furnished a correct taxpayer identification number and that the Internal Revenue Service has not notified you that you are subject to backup withholding.

The amount of any reportable payments, including interest, made to you (unless you are an exempt recipient) and the amount of tax withheld, if any, with respect to such payments will be reported to you and to the Internal Revenue Service for each calendar year. You should consult your tax advisor regarding your qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. The backup withholding tax is not an additional tax and will be credited against your U.S. federal income tax liability, provided that correct information is provided to the Internal Revenue Service.

Non-U.S. Holders

The following summary applies to you if you are a beneficial owner of a note and are not a U.S. holder, as defined above (a “non-U.S. holder”).

Special rules may apply to certain non-U.S. holders such as “controlled foreign corporations,” “passive foreign investment companies” and “foreign personal holding companies.” Such entities are encouraged to consult their tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

U.S. Federal Withholding Tax. Subject to the discussion below, U.S. federal withholding tax will not apply to payments by us or our paying agent, in its capacity as such, of principal and interest on your notes under the “portfolio interest” exception of the Internal Revenue Code, provided that:

- you do not, directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- you are not (1) a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership, as provided in the Internal Revenue Code, or (2) a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code;
- such interest is not effectively connected with your conduct of a U.S. trade or business; and
- you provide a signed written statement, under penalties of perjury, which can reliably be related to you, certifying that you are not a U.S. person within the meaning of the Internal Revenue Code and providing your name and address to:
 - us or our paying agent; or
 - a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business and holds your notes on your behalf and that certifies to us or our paying agent under penalties of perjury that it, or the bank or financial institution between it and you, has received from you your signed, written statement and provides us or our paying agent with a copy of such statement.

Treasury regulations provide that:

- if you are a foreign partnership, the certification requirement will generally apply to your partners, and you will be required to provide certain information;

- if you are a foreign trust, the certification requirement will generally be applied to you or your beneficial owners depending on whether you are a “foreign complex trust,” “foreign simple trust,” or “foreign grantor trust” as defined in the Treasury regulations; and
- look-through rules will apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

If you are a foreign partnership or a foreign trust, you should consult your own tax advisor regarding your status under these Treasury regulations and the certification requirements applicable to you.

If you cannot satisfy the portfolio interest requirements described above, payments of interest will be subject to the 30% United States withholding tax, unless you provide us with a properly executed (1) Internal Revenue Service Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable treaty or (2) Internal Revenue Service Form W-8ECI stating that interest paid on the note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States. Alternative documentation may be applicable in certain circumstances.

If you are engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business, you will be required to pay United States federal income tax on that interest on a net income basis (although you will be exempt from the 30% withholding tax provided the certification requirement described above is met) in the same manner as if you were a U.S. person, except as otherwise provided by an applicable tax treaty. If you are a foreign corporation, you may be required to pay a branch profits tax on the earnings and profits that are effectively connected to the conduct of your trade or business in the United States.

Withholding tax at a rate of 30% will be imposed on payments of interest (including original issue discount) and gross proceeds of sale in respect of debt instruments to you or certain foreign financial institutions (including investment funds) and other non-US persons receiving payments on your behalf, if you or such institutions fail to comply with certain due diligence, disclosure and reporting rules, as set forth in recently issued Treasury regulations. However, the Treasury regulations generally exempt from such withholding requirement obligations, such as debt instruments, issued before July 1, 2014, provided that any material modification of such an obligation made after such date will result in such obligation being considered newly issued as of the effective date of such modification. These withholding rules are generally effective with respect to payments of interest made after June 30, 2014, and with respect to proceeds of sales received after December 31, 2018. We will not pay any additional amounts to any holders or our debt instruments in respect of any amounts withheld. You are encouraged to consult with your tax advisor regarding U.S. withholding taxes and the application of the recently issued Treasury regulations in light of your particular circumstances.

Sale, Exchange or other Disposition of Notes. You generally will not have to pay U.S. federal income tax on any gain or income realized from the sale, redemption, retirement at maturity or other disposition of your notes, unless:

- in the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your notes, and specific other conditions are met;
- you are subject to tax provisions applicable to certain United States expatriates; or
- the gain is effectively connected with your conduct of a U.S. trade or business.

If you are engaged in a trade or business in the United States, and gain with respect to your notes is effectively connected with the conduct of that trade or business, you generally will be subject to U.S. income tax on a net basis on the gain. In addition, if you are a foreign corporation, you may be subject to a branch profits tax on your effectively connected earnings and profits for the taxable year, as adjusted for certain items.

U.S. Federal Estate Tax. If you are an individual and are not a U.S. citizen or a resident of the United States, as specially defined for U.S. federal estate tax purposes, at the time of your death, your notes will generally not be subject to the U.S. federal estate tax, unless, at the time of your death (1) you owned actually or constructively 10% or more of the total combined voting power of all our classes of stock entitled to vote, or (2) interest on the notes is effectively connected with your conduct of a U.S. trade or business.

Backup Withholding and Information Reporting. Backup withholding will not apply to payments of principal or interest made by us or our paying agent, in its capacity as such, to you if you have provided the required certification that you are a non-U.S. holder as described in “— U.S. Federal Withholding Tax” above, and provided that neither we nor our paying agent have actual knowledge that you are a U.S. holder, as described in “— U.S. Holders” above. We or our paying agent may, however, report payments of interest on the notes.

The gross proceeds from the disposition of your notes may be subject to information reporting and backup withholding tax. If you sell your notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your notes through a non-U.S. office of a broker that:

- is a U.S. person, as defined in the Internal Revenue Code;
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the United States;
- is a “controlled foreign corporation” for U.S. federal income tax purposes; or
- is a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, or the foreign partnership is engaged in a U.S. trade or business, unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met or you otherwise establish an exemption. If you receive payments of the proceeds of a sale of your notes to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption.

You should consult your own tax advisor regarding application of backup withholding in your particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding. Any amounts withheld under the backup withholding rules from a payment to you will be allowed as a refund or credit against your U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

U.S. Federal Income and Estate Taxation of Holders of Our Warrants

Exercise of Warrants. You will not generally recognize gain or loss upon the exercise of a warrant. Your basis in the debt securities, preferred stock, depositary shares or common stock, as the case may be, received upon the exercise of the warrant will be equal to the sum of your adjusted tax basis in the warrant and the exercise price paid. Your holding period in the debt securities, preferred stock, depositary shares or common stock, as the case may be, received upon the exercise of the warrant will not include the period during which the warrant was held by you.

Expiration of Warrants. Upon the expiration of a warrant, you will recognize a capital loss in an amount equal to your adjusted tax basis in the warrant.

Sale or Exchange of Warrants. Upon the sale or exchange of a warrant to a person other than us, you will recognize gain or loss in an amount equal to the difference between the amount realized on the sale or exchange and your adjusted tax basis in the warrant. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the warrant was held for more than one year. Upon the sale of the warrant to us, the Internal Revenue Service may argue that you should recognize ordinary income on the sale. You are advised to consult your own tax advisors as to the consequences of a sale of a warrant to us.

Potential Legislation or Other Actions Affecting Tax Consequences

Current and prospective securities holders should recognize that the present federal income tax treatment of an investment in us may be modified by legislative, judicial or administrative action at any time and that any such action may affect investments and commitments previously made. The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in federal tax laws and interpretations of these laws could adversely affect the tax consequences of an investment in us.

State, Local and Foreign Taxes

We, and holders of our debt and equity securities, may be subject to state, local or foreign taxation in various jurisdictions, including those in which we or they transact business, own property or reside. It should be noted that we own properties located in a number of state, local and foreign jurisdictions, and may be required to file tax returns in some or all of those jurisdictions. The state, local or foreign tax treatment of us and holders of our debt and equity securities may not conform to the U.S. federal income tax consequences discussed above. Consequently, you are urged to consult your advisor regarding the application and effect of state, local and foreign tax laws with respect to any investment in our securities.

Changes in applicable tax regulations could negatively affect our financial results.

The Company is subject to taxation in the U.S. and numerous foreign jurisdictions. Because the U.S. maintains a worldwide corporate tax system, the foreign and U.S. tax systems are somewhat interdependent. Longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving, such as the Base Erosion and Profit Shifting project ("BEPS") currently being undertaken by the G8, G20, and Organization for Economic Cooperation and Development. Tax changes pursuant to BEPS could reduce the ability of our foreign subsidiaries to deduct for foreign tax purposes the interest they pay on loans from the Company, thereby increasing the foreign tax liability of the subsidiaries; it is also possible that foreign countries could increase their withholding taxes on dividends and interest. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess the overall effect of such potential tax changes on our earnings and cash flow, but such changes could adversely impact our financial results.

Internet Access to Our SEC Filings

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as well as our proxy statements and other materials that are filed with, or furnished to, the Securities and Exchange Commission are made available, free of charge, on the Internet at www.welltower.com, as soon as reasonably practicable after they are filed with, or furnished to, the Securities and Exchange Commission. We routinely post important information on our website at www.welltower.com in the "Investors" section, including corporate and investor presentations and financial information. We intend to use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our website under the heading "Investors." Accordingly, investors should monitor such portion of our website in addition to following our press releases, public conference calls and filings with the Securities and Exchange Commission. The information on our website is not incorporated by reference in this Annual Report on Form 10-K, and our web address is included as an inactive textual reference only.

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K and the documents incorporated by reference contain statements that constitute "forward-looking statements" as that term is defined in the federal securities laws. When we use words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate" or similar expressions that do not relate solely to historical matters, we are making forward-looking statements. In particular, these forward-looking statements include, but are not limited to, those relating to our opportunities to acquire, develop or sell properties; our ability to close our anticipated acquisitions, investments or dispositions on currently anticipated terms, or within currently anticipated timeframes; the expected performance of our operators/tenants and properties; our expected occupancy rates; our ability to declare and to make distributions to stockholders; our investment and financing opportunities and plans; our continued qualification as a real estate investment trust ("REIT"); and our ability to access capital markets or other sources of funds.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause our actual results to differ materially from our 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;
- our 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 our properties;
- our ability to re-lease space at similar rates as vacancies occur;
- our 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 our properties;

- changes in rules or practices governing our financial reporting;
- the movement of U.S. and foreign currency exchange rates;
- our ability to maintain our qualification as a REIT;
- key management personnel recruitment and retention; and
- the risks described under “Item 1A — Risk Factors.”

We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

Item 1A. Risk Factors

This section discusses the most significant factors that affect our business, operations and financial condition. It does not describe all risks and uncertainties applicable to us, our industry or ownership of our securities. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that we currently think are not material, actually occur, we could be materially adversely affected. In that event, the value of our securities could decline.

We group these risk factors into three categories:

- Risks arising from our business;
- Risks arising from our capital structure; and
- Risks arising from our status as a REIT.

Risks Arising from Our Business

Our investments in and acquisitions of health care and seniors housing properties may be unsuccessful or fail to meet our expectations

We are exposed to the risk that some of our acquisitions may not prove to be successful. We could encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities, and acquired properties might require significant management attention that would otherwise be devoted to our ongoing business. If we agree to provide construction funding to an operator/tenant and the project is not completed, we may need to take steps to ensure completion of the project. Such expenditures may negatively affect our results of operations. Furthermore, there can be no assurance that our anticipated acquisitions and investments, the completion of which is subject to various conditions, will be consummated in accordance with anticipated timing, on anticipated terms, or at all. We also may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and this could have an adverse effect on our results of operations and financial condition.

Our investments in joint ventures could be adversely affected by our lack of exclusive control over these investments, our partners’ insolvency or failure to meet their obligations and disputes between us and our partners

We have entered into, and may continue in the future to enter into, partnerships or joint ventures with other persons or entities. Joint venture investments involve risks that may not be present with other methods of ownership, including the possibility that our partner might become insolvent, refuse to make capital contributions when due or otherwise fail to meet its obligations, which may result in certain liabilities to us for guarantees and other commitments; that our partner might at any time have economic or other business interests or goals that are or become inconsistent with our interests or goals; that we could become engaged in a dispute with our partner, which could require us to expend additional resources to resolve such dispute and could have an adverse impact on the operations and profitability of the joint venture; and that our partner may be in a position to take action or withhold consent contrary to our instructions or requests. In addition, our ability to transfer our interest in a joint venture to a third party may be restricted. In some instances, we and/or our partner may have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner’s interest, at a time when we otherwise would not have initiated such a transaction. Our ability to acquire our partner’s interest may be limited if we do not have sufficient cash, available borrowing capacity or other capital resources. In such event, we may be forced to sell our interest in the joint venture when we would otherwise prefer to retain it. Joint ventures may require us to share decision-making authority with our partners, which could limit our ability to control the properties in the joint ventures. Even when we have a controlling interest, certain major decisions may require partner approval, such as the sale, acquisition or financing of a property.

We are exposed to operational risks with respect to our seniors housing operating properties that could adversely affect our revenue and operations

We are exposed to various operational risks with respect to our seniors housing operating properties that may increase our costs or adversely affect our ability to generate revenues. These risks include fluctuations in occupancy, Medicare and Medicaid reimbursement, if applicable, and private pay rates; economic conditions; competition; federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards; the availability and increases in cost of general and professional liability insurance coverage; state regulation and rights of residents related to entrance fees; and the availability and increases in the cost of labor (as a result of unionization or otherwise). Any one or a combination of these factors may adversely affect our revenue and operations.

Decreases in our operators' revenues or increases in our operators' expenses could affect our operators' ability to make payments to us

Our operators' revenues are primarily driven by occupancy, private pay rates, and Medicare and Medicaid reimbursement, if applicable. Expenses for these facilities are primarily driven by the costs of labor, food, utilities, taxes, insurance and rent or debt service. Revenues from government reimbursement have, and may continue to, come under pressure due to reimbursement cuts and state budget shortfalls. Operating costs continue to increase for our operators. To the extent that any decrease in revenues and/or any increase in operating expenses result in a property not generating enough cash to make payments to us, the credit of our operator and the value of other collateral would have to be relied upon. To the extent the value of such property is reduced, we may need to record an impairment for such asset. Furthermore, if we determine to dispose of an underperforming property, such sale may result in a loss. Any such impairment or loss on sale would negatively affect our financial results.

Increased competition may affect our operators' ability to meet their obligations to us

The operators of our properties compete on a local and regional basis with operators of properties and other health care providers that provide comparable services. We cannot be certain that the operators of all of our facilities will be able to achieve and maintain occupancy and rate levels that will enable them to meet all of their obligations to us. Our operators are expected to encounter increased competition in the future that could limit their ability to attract residents or expand their businesses.

A severe cold and flu season, epidemics or any other widespread illnesses could adversely affect the occupancy of our seniors housing operating and triple-net properties

Our and our operators' revenues are dependent on occupancy. It is impossible to predict the severity of the cold and flu season or the occurrence of epidemics or any other widespread illnesses. The occupancy of our seniors housing operating and triple-net properties could significantly decrease in the event of a severe cold and flu season, an epidemic or any other widespread illness. Such a decrease could affect the operating income of our seniors housing operating properties and the ability of our triple-net operators to make payments to us.

The insolvency or bankruptcy of our obligors may adversely affect our business, results of operations and financial condition

We are exposed to the risk that our obligors may not be able to meet the rent, principal and interest or other payments due us, which may result in an obligor bankruptcy or insolvency, or that an obligor might become subject to bankruptcy or insolvency proceedings for other reasons. Although our operating lease agreements provide us with the right to evict a tenant, demand immediate payment of rent and exercise other remedies, and our loans provide us with the right to terminate any funding obligation, demand immediate repayment of principal and unpaid interest, foreclose on the collateral and exercise other remedies, the bankruptcy and insolvency laws afford certain rights to a party that has filed for bankruptcy or reorganization. An obligor in bankruptcy or subject to insolvency proceedings may be able to limit or delay our ability to collect unpaid rent in the case of a lease or to receive unpaid principal and interest in the case of a loan, and to exercise other rights and remedies.

We may be required to fund certain expenses (e.g., real estate taxes and maintenance) to preserve the value of an investment property, avoid the imposition of liens on a property and/or transition a property to a new tenant. In some instances, we have terminated our lease with a tenant and relet the property to another tenant. In some of those situations, we have provided working capital loans to and limited indemnification of the new obligor. If we cannot transition a leased property to a new tenant, we may take possession of that property, which may expose us to certain successor liabilities. Should such events occur, our revenue and operating cash flow may be adversely affected.

We may not be able to timely reinvest our sale proceeds on terms acceptable to us

From time to time, we will have cash available from (1) the proceeds of sales of our securities, (2) principal payments on our loans receivable and (3) the sale of properties, including non-elective dispositions, under the terms of master leases or similar financial support arrangements. In order to maintain current revenues and continue generating attractive returns, we expect to re-invest these

proceeds in a timely manner. We compete for real estate investments with a broad variety of potential investors. This competition for attractive investments may negatively affect our ability to make timely investments on terms acceptable to us.

Failure to properly manage our rapid growth could distract our management or increase our expenses

We have experienced rapid growth and development in a relatively short period of time and expect to continue this rapid growth in the future. This growth has resulted in increased levels of responsibility for our management. Future property acquisitions could place significant additional demands on, and require us to expand, our management, resources and personnel. Our failure to manage any such rapid growth effectively could harm our business and, in particular, our financial condition, results of operations and cash flows, which could negatively affect our ability to make distributions to stockholders. Our growth could also increase our capital requirements, which may require us to issue potentially dilutive equity securities and incur additional debt.

We depend on Genesis Healthcare, LLC (“Genesis”) for a significant portion of our revenues and any inability or unwillingness by Genesis to satisfy its obligations under its agreements with us could adversely affect us

The properties we lease to Genesis account for a significant portion of our revenues, and because our leases with Genesis are triple-net leases, we also depend on Genesis to pay all insurance, taxes, utilities and maintenance and repair expenses in connection with the leased properties. We cannot assure you that Genesis will have sufficient assets, income and access to financing to enable it to make rental payments to us or to otherwise satisfy its obligations under our leases, and any inability or unwillingness by Genesis to do so could have an adverse effect on us. Genesis has also agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with its business, and we cannot assure you that Genesis will have sufficient assets, income, access to financing and insurance coverage to enable it to satisfy its indemnification obligations.

The properties managed by Sunrise Senior Living, LLC account for a significant portion of our revenues and operating income and any adverse developments in its business or financial condition could adversely affect us

Sunrise Senior Living, LLC manages our entire Sunrise property portfolio, which as of December 31, 2015, consisted of 152 seniors housing properties. These properties account for a significant portion of our revenues, and we rely on Sunrise Senior Living, LLC to manage these properties efficiently and effectively. Any adverse developments in Sunrise Senior Living, LLC’s business or financial condition could impair its ability to manage our properties efficiently and effectively, which could adversely affect us.

Ownership of property outside the United States may subject us to different or greater risks than those associated with our domestic operations

We have operations in Canada and the United Kingdom. International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. These risks include, but are not limited to, any international currency gain recognized with respect to changes in exchange rates may not qualify under the 75% gross income test or the 95% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT; challenges with respect to the repatriation of foreign earnings and cash; changes in foreign political, regulatory, and economic conditions, including regionally, nationally, and locally; challenges in managing international operations; challenges of complying with a wide variety of foreign laws and regulations, including those relating to real estate, corporate governance, operations, taxes, employment and legal proceedings; foreign ownership restrictions with respect to operations in countries; differences in lending practices and the willingness of domestic or foreign lenders to provide financing; regional or country-specific business cycles and economic instability; and failure to comply with applicable laws and regulations in the United States that affect foreign operations, including, but not limited to, the U.S. Foreign Corrupt Practices Act. If we are unable to successfully manage the risks associated with international expansion and operations, our results of operations and financial condition may be adversely affected.

We do not know if our tenants will renew their existing leases, and if they do not, we may be unable to lease the properties on as favorable terms, or at all

We cannot predict whether our tenants will renew existing leases at the end of their lease terms, which expire at various times. If these leases are not renewed, we would be required to find other tenants to occupy those properties or sell them. There can be no assurance that we would be able to identify suitable replacement tenants or enter into leases with new tenants on terms as favorable to us as the current leases or that we would be able to lease those properties at all.

Our operators’ may not have the necessary insurance coverage to insure adequately against losses

In recent years, long-term/post-acute care and seniors housing operators have experienced substantial increases in both the number and size of patient care liability claims. As a result, general and professional liability costs have increased in some markets. General and professional liability insurance coverage may be restricted or very costly, which may adversely affect the property operators’

future operations, cash flows and financial condition, and may have a material adverse effect on the property operators' ability to meet their obligations to us.

Our ownership of properties through ground leases exposes us to the loss of such properties upon breach or termination of the ground leases

We have acquired an interest in certain of our properties by acquiring a leasehold interest in the property on which the building is located, and we may acquire additional properties in the future through the purchase of interests in ground leases. As the lessee under a ground lease, we are exposed to the possibility of losing the property upon termination of the ground lease or an earlier breach of the ground lease by us.

The requirements of, or changes to, governmental reimbursement programs, such as Medicare or Medicaid, could have a material adverse effect on our obligors' liquidity, financial condition and results of operations, which could adversely affect our obligors' ability to meet their obligations to us

Some of our obligors' businesses are affected by government reimbursement. To the extent that an operator/tenant receives a significant portion of its revenues from government payors, primarily Medicare and Medicaid, such revenues may be subject to statutory and regulatory changes, retroactive rate adjustments, recovery of program overpayments or set-offs, court decisions, administrative rulings, policy interpretations, payment or other delays by fiscal intermediaries or carriers, government funding restrictions (at a program level or with respect to specific facilities) and interruption or delays in payments due to any ongoing government investigations and audits at such property. In recent years, government payors have frozen or reduced payments to health care providers due to budgetary pressures. Health care reimbursement will likely continue to be of paramount importance to federal and state authorities. We cannot make any assessment as to the ultimate timing or effect any future legislative reforms may have on the financial condition of our obligors and properties. There can be no assurance that adequate reimbursement levels will be available for services provided by any property operator, whether the property receives reimbursement from Medicare, Medicaid or private payors. Significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on an obligor's liquidity, financial condition and results of operations, which could adversely affect the ability of an obligor to meet its obligations to us. See "Item 1 — Business — Certain Government Regulations — United States — Reimbursement" above.

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"), provides those states that expand their Medicaid coverage to otherwise eligible state residents with incomes at or below 138% of the federal poverty level with an increased federal medical assistance percentage, effective January 1, 2014, when certain conditions are met. On June 28, 2012, the United States Supreme Court upheld the individual mandate of the Health Reform Laws but partially invalidated the expansion of Medicaid. The ruling on Medicaid expansion allows states to elect not to participate in the expansion—and to forego funding for the Medicaid expansion—without losing their existing Medicaid funding. Given that the federal government substantially funds the Medicaid expansion, it is unclear how many states will ultimately pursue this option, although, as of early February 2016, roughly half of the states have expanded Medicaid coverage. The participation by states in the Medicaid expansion could have the dual effect of increasing our tenants' revenues, through new patients, but further straining state budgets and their ability to pay our tenants. While the federal government will pay for approximately 100% of those additional costs from 2014 through 2016, states will be expected to pay for part of those additional costs beginning in 2017. In light of this, at least one state that has passed legislation to allow the state to expand its Medicaid coverage has included sunset provisions in the legislation that require that the expanded benefits be reduced or eliminated if the federal government's funding for the program is decreased or eliminated, permitting the state to re-visit the issue once it begins to share financial responsibility for the expansion. With increasingly strained budgets, it is unclear how states that do not include such sunset provisions will pay their share of these additional Medicaid costs and what other health care expenditures could be reduced as a result. A significant reduction in other health care related spending by states to pay for increased Medicaid costs could affect our tenants' revenue streams. See "Item 1 — Business — Certain Government Regulations — United States — Reimbursement" above.

More generally, and because of the dynamic nature of the legislative and regulatory environment for health care products and services, and in light of existing federal deficit and budgetary concerns, we cannot predict the impact that broad-based, far-reaching legislative or regulatory changes could have on the U.S. economy, our business or that of our operators and tenants.

Our operators' or tenants' failure to comply with federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards could adversely affect such operators' or tenants' operations, which could adversely affect our operators' and tenants' ability to meet their obligations to us

Our operators and tenants generally are subject to varying levels of federal, state, local, and industry-regulated licensure, certification and inspection laws, regulations, and standards. Our operators' or tenants' failure to comply with any of these laws, regulations, or standards could result in loss of accreditation, denial of reimbursement, imposition of fines, suspension, decertification or exclusion from federal and state health care programs, loss of license or closure of the facility. Such actions may have an effect on

our operators' or tenants' ability to make lease payments to us and, therefore, adversely impact us. See "Item 1 — Business — Certain Government Regulations — United States — Other Related Laws, Initiatives, and Considerations" above.

Many of our properties may require a license, registration, and/or certificate of need ("CON") to operate. Failure to obtain a license, registration, or CON, or loss of a required license, registration, or CON would prevent a facility from operating in the manner intended by the operators or tenants. These events could materially adversely affect our operators' or tenants' ability to make rent payments to us. State and local laws also may regulate the expansion, including the addition of new beds or services or acquisition of medical equipment, and the construction or renovation of health care facilities, by requiring a CON or other similar approval from a state agency. See "Item 1 — Business — Certain Government Regulations — United States — Licensing and Certification" above.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties

Real estate investments are relatively illiquid. Our ability to quickly sell or exchange any of our properties in response to changes in economic and other conditions will be limited. No assurances can be given that we will recognize full value for any property that we are required to sell for liquidity reasons. Our inability to respond rapidly to changes in the performance of our investments could adversely affect our financial condition and results of operations. In addition, we are exposed to the risks inherent in concentrating investments in real estate, and in particular, the seniors housing and health care industries. A downturn in the real estate industry could adversely affect the value of our properties and our ability to sell properties for a price or on terms acceptable to us.

Unfavorable resolution of pending and future litigation matters and disputes could have a material adverse effect on our financial condition

From time to time, we may be directly involved in a number of legal proceedings, lawsuits and other claims. We may also be named as defendants in lawsuits allegedly arising out of our actions or the actions of our operators/tenants or managers in which such operators/tenants or managers have agreed to indemnify, defend and hold us harmless from and against various claims, litigation and liabilities arising in connection with their respective businesses. An unfavorable resolution of pending or future litigation may have a material adverse effect on our business, results of operations and financial condition. Regardless of its outcome, litigation may result in substantial costs and expenses and significantly divert the attention of management. There can be no assurance that we will be able to prevail in, or achieve a favorable settlement of, pending or future litigation. In addition, pending litigation or future litigation, government proceedings or environmental matters could lead to increased costs or interruption of our normal business operations.

Development, redevelopment and construction risks could affect our profitability

At any given time, we may be in the process of constructing one or more new facilities that ultimately will require a CON and license before they can be utilized by the operator for their intended use. The operator also may need to obtain Medicare and Medicaid certification and enter into Medicare and Medicaid provider agreements and/or third party payor contracts. In the event that the operator is unable to obtain the necessary CON, licensure, certification, provider agreements or contracts after the completion of construction, there is a risk that we will not be able to earn any revenues on the facility until either the initial operator obtains a license or certification to operate the new facility and the necessary provider agreements or contracts or we find and contract with a new operator that is able to obtain a license to operate the facility for its intended use and the necessary provider agreements or contracts.

In connection with our renovation, redevelopment, development and related construction activities, we may be unable to obtain, or suffer delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. These factors could result in increased costs or our abandonment of these projects. In addition, we may not be able to obtain financing on favorable terms, which may render us unable to proceed with our development activities, and we may not be able to complete construction and lease-up of a property on schedule, which could result in increased debt service expense or construction costs.

Additionally, the time frame required for development, construction and lease-up of these properties means that we may have to wait years for significant cash returns. Because we are required to make cash distributions to our stockholders, if the cash flow from operations or refinancing is not sufficient, we may be forced to borrow additional money to fund such distributions. Newly developed and acquired properties may not produce the cash flow that we expect, which could adversely affect our overall financial performance.

In deciding whether to acquire or develop a particular property, we make assumptions regarding the expected future performance of that property. In particular, we estimate the return on our investment based on expected occupancy, rental rates and capital costs. If our financial projections with respect to a new property are inaccurate as a result of increases in capital costs or other factors, the property may fail to perform as we expected in analyzing our investment. Our estimate of the costs of repositioning or redeveloping an acquired property may prove to be inaccurate, which may result in our failure to meet our profitability goals. Additionally, we may

acquire new properties that are not fully leased, and the cash flow from existing operations may be insufficient to pay the operating expenses and debt service associated with that property.

We may experience losses caused by severe weather conditions or natural disasters, which could result in an increase of our or our tenants' cost of insurance, a decrease in our anticipated revenues or a significant loss of the capital we have invested in a property

We maintain or require our tenants to maintain comprehensive insurance coverage on our properties with terms, conditions, limits and deductibles that we believe are appropriate given the relative risk and costs of such coverage, and we continually review our insurance programs and requirements. However, a large number of our properties are located in areas particularly susceptible to revenue loss, cost increase or damage caused by severe weather conditions or natural disasters such as hurricanes, earthquakes, tornadoes and floods. We believe, given current industry practice and analysis prepared by outside consultants, that our and our tenants' insurance coverage is appropriate to cover reasonably anticipated losses that may be caused by hurricanes, earthquakes, tornadoes, floods and other severe weather conditions and natural disasters. Nevertheless, we are always subject to the risk that such insurance will not fully cover all losses and, depending on the severity of the event and the impact on our properties, such insurance may not cover a significant portion of the losses. These losses may lead to an increase of our and our tenants' cost of insurance, a decrease in our anticipated revenues from an affected property and a loss of all or a portion of the capital we have invested in an affected property. In addition, we or our tenants may not purchase insurance under certain circumstances if the cost of insurance exceeds, in our or our tenants' judgment, the value of the coverage relative to the risk of loss.

We may incur costs to remediate environmental contamination at our properties, which could have an adverse effect on our or our obligors' business or financial condition

Under various federal and state laws, owners or operators of real estate may be required to respond to the presence or release of hazardous substances on the property and may be held liable for property damage, personal injuries or penalties that result from environmental contamination or exposure to hazardous substances. We may become liable to reimburse the government for damages and costs it incurs in connection with the contamination. Generally, such liability attaches to a person based on the person's relationship to the property. Our tenants or borrowers are primarily responsible for the condition of the property. Moreover, we review environmental site assessments of the properties that we own or encumber prior to taking an interest in them. Those assessments are designed to meet the "all appropriate inquiry" standard, which we believe qualifies us for the innocent purchaser defense if environmental liabilities arise. Based upon such assessments, we do not believe that any of our properties are subject to material environmental contamination. However, environmental liabilities may be present in our properties and we may incur costs to remediate contamination, which could have a material adverse effect on our business or financial condition or the business or financial condition of our obligors.

Cybersecurity incidents could disrupt our business and result in the loss of confidential information

Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data, and other electronic security breaches. Such cyber attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber attack. Cybersecurity incidents could disrupt our business and compromise the confidential information of our employees, operators and tenants.

Our certificate of incorporation and by-laws contain anti-takeover provisions

Our certificate of incorporation and by-laws contain anti-takeover provisions (restrictions on share ownership and transfer and super majority stockholder approval requirements for business combinations) that could make it more difficult for or even prevent a third party from acquiring us without the approval of our incumbent Board of Directors. Provisions and agreements that inhibit or discourage takeover attempts could reduce the market value of our common stock.

Our success depends on key personnel whose continued service is not guaranteed

We are dependent on key personnel. Although we have entered into employment agreements with our executive officers, losing any one of them could, at least temporarily, have an adverse impact on our operations. We believe that losing more than one could have a material adverse impact on our business.

Risks Arising from Our Capital Structure

We may become more leveraged

Permanent financing for our investments is typically provided through a combination of public offerings of debt and equity securities and the incurrence or assumption of secured debt. The incurrence or assumption of indebtedness may cause us to become more leveraged, which could (1) require us to dedicate a greater portion of our cash flow to the payment of debt service, (2) make us more vulnerable to a downturn in the economy, (3) limit our ability to obtain additional financing, or (4) negatively affect our credit ratings or outlook by one or more of the rating agencies.

We are subject to covenants in our debt agreements that may restrict or limit our operations and acquisitions and our failure to comply with the covenants in our debt agreements could have a material adverse impact on our business, results of operations and financial condition

Our debt agreements contain various covenants, restrictions and events of default. Among other things, these provisions 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. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, in addition to any other indebtedness cross-defaulted against such instruments. These defaults could have a material adverse impact on our business, results of operations and financial condition.

Limitations on our ability to access capital could have an adverse effect on our ability to make future investments or to meet our obligations and commitments

We cannot assure you that we will be able to raise the capital necessary to make future investments or to meet our obligations and commitments as they mature. Our access to capital depends upon a number of factors over which we have little or no control, including rising interest rates, inflation and other general market conditions; the market's perception of our growth potential and our current and potential future earnings and cash distributions; the market price of the shares of our capital stock and the credit ratings of our debt securities; the financial stability of our lenders, which might impair their ability to meet their commitments to us or their willingness to make additional loans to us; changes in the credit ratings on U.S. government debt securities; or default or delay in payment by the United States of its obligations. If our access to capital is limited by these factors or other factors, it could negatively impact our ability to acquire properties, repay or refinance our indebtedness, fund operations or make distributions to our stockholders.

Downgrades in our credit ratings could have a material adverse impact on our cost and availability of capital

We plan to manage the Company to maintain a capital structure consistent with our current profile, but there can be no assurance that we will be able to maintain our current credit ratings. 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.

Fluctuations in the value of foreign currencies could adversely affect our results of operations and financial position

As we expand our operations internationally, currency exchange rate fluctuations could affect our results of operations and financial position. We expect to generate an increasing portion of our revenue and expenses in such foreign currencies as the Canadian dollar and the British pound. Although we may enter into foreign exchange agreements with financial institutions and/or obtain local currency mortgage debt in order to reduce our exposure to fluctuations in the value of foreign currencies, we cannot assure you that foreign currency fluctuations will not have a material adverse effect on us.

Our entry into swap agreements may not effectively reduce our exposure to changes in interest rates or foreign currency exchange rates

We enter into swap agreements from time to time to manage some of our exposure to interest rate and foreign currency exchange rate volatility. These swap agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing our exposure to changes in interest rates or foreign currency exchange rates. When we use forward-starting interest rate swaps, there is a risk that we will not complete the long-term borrowing against which the swap is intended to hedge. If such events occur, our results of operations may be adversely affected.

Risks Arising from Our Status as a REIT

We might fail to qualify or remain qualified as a REIT

We intend to operate as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and believe we have and will continue to operate in such a manner. If we lose our status as a REIT, we will face serious income tax consequences that will substantially reduce the funds available for satisfying our obligations and for distribution to our stockholders because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under statutory provisions, we could not elect to be subject to tax as a REIT for four taxable years following the year during which we were disqualified.

Since REIT qualification requires us to meet a number of complex requirements, it is possible that we may fail to fulfill them, and if we do, our earnings will be reduced by the amount of U.S. federal and other income taxes owed. A reduction in our earnings would affect the amount we could distribute to our stockholders. If we do not qualify as a REIT, we would not be required to make distributions to stockholders since a non-REIT is not required to pay dividends to stockholders in order to maintain REIT status or avoid an excise tax. See “Item 1 — Business — Taxation — Federal Income Tax Considerations” above for a discussion of the provisions of the Code that apply to us and the effects of failure to qualify as a REIT.

In addition, if we fail to qualify as a REIT, all distributions to stockholders would continue to be treated as dividends to the extent of our current and accumulated earnings and profits, although corporate stockholders may be eligible for the dividends received deduction, and individual stockholders may be eligible for taxation at the rates generally applicable to long-term capital gains (currently at a maximum rate of 20%) with respect to distributions.

As a result of all these factors, our failure to qualify as a REIT also could impair our ability to implement our business strategy and would adversely affect the value of our common stock.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to remain qualified as a REIT. Although we believe that we qualify as a REIT, we cannot assure you that we will continue to qualify or remain qualified as a REIT for U.S. federal income tax purposes. See “Item 1 — Business — Taxation — Federal Income Tax Considerations” above.

Certain subsidiaries might fail to qualify or remain qualified as a REIT

We own interests in a number of entities which have elected to be taxed as REITs for federal income tax purposes, some of which we consolidate for financial reporting purposes but each of which is treated as a separate REIT for federal income tax purposes (each a “Subsidiary REIT”). To qualify as a REIT, each Subsidiary REIT must independently satisfy all of the REIT qualification requirements under the Code, together with all other rules applicable to REITs. Provided that each Subsidiary REIT qualifies as a REIT, our interests in the Subsidiary REITs will be treated as qualifying real estate assets for purposes of the REIT asset tests. See “Item 1 – Business – Taxation – Federal Income Tax Considerations – Qualification as a REIT – Asset Tests” above. If a Subsidiary REIT fails to qualify as a REIT in any taxable year, such Subsidiary REIT will be subject to federal and state income taxes and may not be able to qualify as a REIT for the four subsequent taxable years. Any such failure could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT, unless we are able to avail ourselves of certain relief provisions.

The 90% annual distribution requirement will decrease our liquidity and may limit our ability to engage in otherwise beneficial transactions

To comply with the 90% distribution requirement applicable to REITs and to avoid the nondeductible excise tax, we must make distributions to our stockholders. See “Item 1 — Business — Taxation — Federal Income Tax Considerations — Qualification as a REIT — Annual Distribution Requirements” above. Although we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the REIT distribution requirement, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the 90% distribution requirement, or we may decide to retain cash or distribute such greater amount as may be necessary to avoid income and excise taxation. This may be due to timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand. In addition, non-deductible expenses such as principal amortization or repayments or capital expenditures in excess of non-cash deductions may cause us to fail to have sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement. In the event that timing differences occur, or we deem it appropriate to retain cash, we may borrow funds, issue additional equity securities (although we cannot assure you that we will be able to do so), pay taxable stock dividends, if possible, distribute other property or securities or engage in another transaction intended to enable us to meet the REIT distribution requirements. This may require us to raise additional capital to meet our obligations.

The lease of qualified health care properties to a taxable REIT subsidiary is subject to special requirements

We lease certain qualified health care properties to taxable REIT subsidiaries (or limited liability companies of which the taxable REIT subsidiaries are members), which lessees contract with managers (or related parties) to manage the health care operations at these properties. The rents from this taxable REIT subsidiary lessee structure are treated as qualifying rents from real property if (1) they are paid pursuant to an arms-length lease of a qualified health care property with a taxable REIT subsidiary and (2) the manager qualifies as an eligible independent contractor (as defined in the Code). If any of these conditions are not satisfied, then the rents will not be qualifying rents. See “Item 1 — Business — Taxation — Federal Income Tax Considerations — Qualification as a REIT — Income Tests” above.

If certain sale-leaseback transactions are not characterized by the Internal Revenue Service as “true leases,” we may be subject to adverse tax consequences

We have purchased certain properties and leased them back to the sellers of such properties, and we may enter into similar transactions in the future. We intend for any such sale-leaseback transaction to be structured in such a manner that the lease will be characterized as a “true lease,” thereby allowing us to be treated as the owner of the property for U.S. federal income tax purposes. However, depending on the terms of any specific transaction, the Internal Revenue Service might take the position that the transaction is not a “true lease” but is more properly treated in some other manner. In the event any sale-leaseback transaction is challenged and successfully re-characterized by the Internal Revenue Service, we would not be entitled to claim the deductions for depreciation and cost recovery generally available to an owner of property. Furthermore, if a sale-leaseback transaction were so re-characterized, we might fail to satisfy the REIT asset tests or income tests and, consequently, could lose our REIT status effective with the year of re-characterization. See “Item 1 — Business — Taxation — Federal Income Tax Considerations — Qualification as a REIT — Asset Tests” and “Item 1 — Business — Taxation — Federal Income Tax Considerations — Qualification as a REIT — Income Tests” above. Alternatively, the amount of our REIT taxable income could be recalculated, which may cause us to fail to meet the REIT annual distribution requirements for a taxable year. See “Item 1 — Business — Taxation — Federal Income Tax Considerations — Qualification as a REIT — Annual Distribution Requirements” above.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own our corporate headquarters located at 4500 Dorr Street, Toledo, Ohio 43615. We also lease corporate offices in California, Canada and the United Kingdom and have ground leases relating to certain of our properties. The following table sets forth certain information regarding the properties that comprise our consolidated real property and real estate loan investments as of December 31, 2015 (dollars in thousands and annualized revenues adjusted for timing of investment):

Property Location	Triple-Net			Seniors Housing Operating		
	Number of Properties	Total Investment	Annualized Revenues	Number of Properties	Total Investment	Annualized Revenues
Alabama	4	\$ 36,064	\$ 3,777	-	\$ -	\$ -
Arizona	2	26,229	2,129	4	61,590	21,643
California	28	521,032	53,635	49	1,401,544	406,568
Colorado	6	220,438	19,019	5	145,554	39,599
Connecticut	14	181,567	21,292	15	400,887	127,418
District Of Columbia	-	-	-	1	64,807	13,893
Delaware	11	161,880	19,660	1	21,586	6,210
Florida	43	593,363	55,001	6	576,254	77,420
Georgia	8	102,828	9,414	7	124,942	36,295
Iowa	3	46,916	4,324	1	33,276	8,960
Idaho	2	33,326	3,551	-	-	-
Illinois	13	276,616	25,876	13	447,407	104,156
Indiana	36	535,615	53,270	-	-	-
Kansas	27	228,905	16,427	3	71,771	17,657
Kentucky	12	98,976	14,957	2	39,434	12,595
Louisiana	3	21,451	3,349	2	52,156	11,718
Massachusetts	31	372,189	53,489	33	941,674	211,109
Maryland	26	401,734	41,357	3	84,221	32,512
Maine	-	-	-	2	50,666	17,820
Michigan	6	102,612	9,968	5	113,041	25,867
Minnesota	9	210,533	14,026	4	115,688	23,698
Missouri	2	28,320	1,171	4	137,698	20,141
Mississippi	3	30,147	2,444	-	-	-
Montana	1	6,266	948	-	-	-
North Carolina	56	391,386	38,795	1	41,460	7,134
Nebraska	4	34,033	15,342	-	-	-
New Hampshire	12	172,718	23,410	4	119,954	29,723
New Jersey	67	1,420,271	144,374	8	244,350	65,915
New Mexico	-	-	-	1	19,038	1,593
Nevada	5	86,164	12,217	2	37,350	9,946
New York	9	201,410	18,051	10	349,716	77,276
Ohio	28	229,031	38,171	4	198,222	29,215
Oklahoma	19	150,460	12,968	2	38,922	4,179
Oregon	10	75,671	6,337	-	-	-
Pennsylvania	53	1,331,667	158,356	6	83,081	37,106
Rhode Island	3	43,802	6,031	3	69,010	21,156
South Carolina	5	34,602	5,550	-	-	-
Tennessee	24	165,388	24,367	2	50,805	14,790
Texas	45	594,463	61,905	15	510,222	98,671
Utah	2	31,724	2,461	1	17,545	8,817
Virginia	14	202,859	20,033	2	38,493	15,715
Vermont	2	25,393	3,511	1	28,080	6,864
Washington	24	455,323	44,724	11	331,280	62,173
Wisconsin	8	134,120	14,474	-	-	-
West Virginia	25	376,283	50,902	-	-	-
Total domestic	705	10,393,775	1,131,063	233	7,061,726	1,705,550
Canada	14	277,977	15,763	103	2,058,121	406,614
United Kingdom	60	1,123,413	118,428	52	1,457,237	303,158
Total international	74	1,401,390	134,191	155	3,515,358	709,772
Grand total	779	\$ 11,795,165	\$ 1,265,253	388	\$ 10,577,084	\$ 2,415,322

Outpatient Medical

Property Location	Number of Properties	Total Investment	Annualized Revenues
Alaska	1	\$ 22,667	\$ 2,809
Alabama	3	31,637	5,308
Arkansas	1	24,382	1,027
Arizona	4	68,885	8,213
California	30	880,782	67,173
Colorado	1	12,642	1,804
Connecticut	1	9,886	-
Florida	37	465,472	61,459
Georgia	10	162,880	20,585
Iowa	1	6,974	2,193
Illinois	5	53,688	7,971
Indiana	8	152,126	17,326
Kansas	7	78,474	12,059
Kentucky	1	8,153	772
Maryland	5	80,535	5,396
Maine	1	21,649	2,805
Michigan	1	15,983	2,280
Minnesota	8	179,786	23,689
Missouri	7	149,053	17,610
North Carolina	3	58,086	6,506
Nebraska	2	36,815	5,794
New Hampshire	1	14,673	1,511
New Jersey	7	215,048	37,389
New Mexico	3	34,665	3,498
Nevada	5	46,748	3,802
New York	8	84,330	7,768
Ohio	8	76,546	13,386
Oklahoma	2	25,843	3,279
Oregon	1	9,763	1,267
South Carolina	1	26,910	2,282
Tennessee	7	78,906	9,968
Texas	51	891,594	87,667
Virginia	3	51,645	7,800
Washington	6	188,369	20,317
Wisconsin	19	250,839	28,243
Total	<u>259</u>	<u>\$ 4,516,434</u>	<u>\$ 500,954</u>

The following table sets forth occupancy, coverages and average annualized revenues for certain property types (excluding investments in unconsolidated entities):

	Occupancy ⁽¹⁾		Coverages ^(1,2)		Average Annualized Revenues ⁽³⁾		
	2015	2014	2015	2014	2015	2014	
Triple-net ⁽⁴⁾	87.2%	87.7%	1.49x	1.54x	\$ 16,047	\$ 14,562	per bed/unit
Seniors housing operating ⁽⁵⁾	91.0%	90.3%	n/a	n/a	60,260	67,376	per unit
Outpatient medical ⁽⁶⁾	95.1%	94.4%	n/a	n/a	33	33	per sq. ft.

(1) We use unaudited, periodic financial information provided solely by tenants/borrowers to calculate occupancy and coverages for properties other than medical office buildings and have not independently verified the information.

(2) Represents the ratio of our triple-net customers' earnings before interest, taxes, depreciation, amortization, rent and management fees to contractual rent or interest due us. Data reflects the 12 months ended September 30 for the periods presented.

(3) Represents annualized revenues divided by total beds, units or square feet as presented in the tables above.

(4) Occupancy represents average quarterly operating occupancy based on the quarters ended September 30 and excludes properties that are unstabilized, closed or for which data is not available or meaningful.

(5) Occupancy for seniors housing operating represents average occupancy for the three months ended December 31.

(6) Outpatient medical facilities occupancy represents the percentage of total rentable square feet leased and occupied (including month-to-month and holdover leases and excluding terminations) as of December 31.

The following table sets forth information regarding lease expirations for certain portions of our portfolio as of December 31, 2015 (dollars in thousands):

	Expiration Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Thereafter
Triple-net:											
Properties	0	30	56	1	12	24	37	1	6	57	517
Base rent ⁽¹⁾	\$ 0	\$ 12,846	\$ 41,162	\$ 1,368	\$ 14,571	\$ 35,797	\$ 32,959	\$ 692	\$ 12,130	\$ 66,118	\$ 948,129
% of base rent	0.0%	1.1%	3.5%	0.1%	1.2%	3.1%	2.8%	0.1%	1.0%	5.7%	81.3%
Units	0	1,165	3,686	123	1,076	3,625	4,731	60	831	4,189	56,319
% of units	0.0%	1.5%	4.9%	0.2%	1.4%	4.8%	6.2%	0.1%	1.1%	5.5%	74.3%
Outpatient medical:											
Square feet	792,914	1,092,946	933,888	1,085,684	1,251,256	1,182,630	2,178,650	1,103,893	1,411,610	585,459	3,691,978
Base rent ⁽¹⁾	\$ 21,884	\$ 27,369	\$ 24,225	\$ 27,762	\$ 32,365	\$ 29,630	\$ 45,348	\$ 26,609	\$ 37,890	\$ 17,156	\$ 69,591
% of base rent	6.1%	7.6%	6.7%	7.7%	9.0%	8.2%	12.6%	7.4%	10.5%	4.8%	19.4%
Leases	283	283	255	259	243	187	186	152	101	75	164
% of leases	12.9%	12.9%	11.7%	11.8%	11.1%	8.5%	8.5%	6.9%	4.6%	3.4%	7.7%

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

Item 3. 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 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

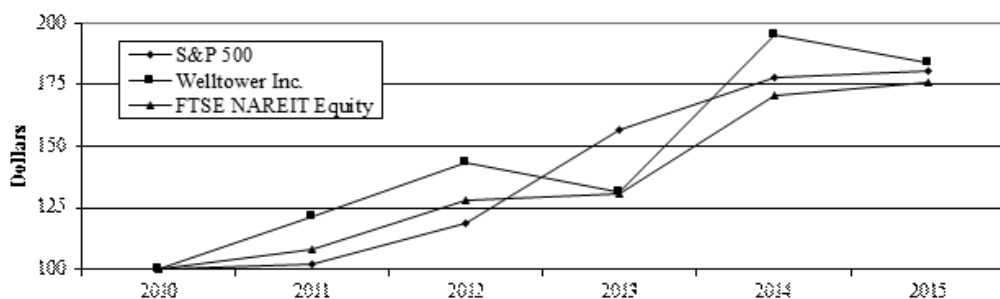
There were 4,965 stockholders of record as of January 31, 2016. The following table sets forth, for the periods indicated, the high and low prices of our common stock on the New York Stock Exchange (NYSE:HCN), and common dividends paid per share:

	Sales Price		Dividends Paid Per Share
	High	Low	
2015			
First Quarter	\$ 84.88	\$ 73.20	\$ 0.825
Second Quarter	79.60	65.48	0.825
Third Quarter	70.22	61.00	0.825
Fourth Quarter	71.25	58.21	0.825
2014			
First Quarter	\$ 59.93	\$ 52.90	\$ 0.795
Second Quarter	65.25	58.91	0.795
Third Quarter	68.36	61.42	0.795
Fourth Quarter	78.17	62.05	0.795

Our Board of Directors has approved a new quarterly cash dividend rate of \$0.86 per share of common stock per quarter, commencing with the February 2016 dividend. The declaration and payment of quarterly dividends remains subject to the review and approval of the Board of Directors.

Stockholder Return Performance Presentation

Set forth below is a line graph comparing the yearly percentage change and the cumulative total stockholder return on our shares of common stock against the cumulative total return of the S & P Composite-500 Stock Index and the FTSE NAREIT Equity Index. As of December 31, 2015, 160 companies comprised the FTSE NAREIT Equity Index. The Index consists of REITs identified by NAREIT as equity (those REITs which have at least 75% of their investments in real property). The data are based on the closing prices as of December 31 for each of the five years. 2010 equals \$100 and dividends are assumed to be reinvested.



S & P 500	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>
Welltower Inc.	100.00	102.11	118.45	156.82	178.28	180.75
FTSE NAREIT Equity	100.00	108.29	127.85	131.01	170.49	175.94

Except to the extent that we specifically incorporate this information by reference, the foregoing Stockholder Return Performance Presentation shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended. This information shall not otherwise be deemed filed under such Acts.

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
October 1, 2015 through October 31, 2015	-	\$ -	-	-
November 1, 2015 through November 30, 2015	68	59.01	-	-
December 1, 2015 through December 31, 2015	-	-	-	-
Totals	68	\$ 59.01	-	-

(1) During the three months ended December 31, 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 6. Selected Financial Data

The following selected financial data for the five years ended December 31, 2015 are derived from our audited consolidated financial statements (in thousands, except per share data):

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Operating Data					
Revenues	\$ 1,313,182	\$ 1,805,044	\$ 2,880,608	\$ 3,343,546	\$ 3,859,826
Expenses	<u>1,200,979</u>	<u>1,619,132</u>	<u>2,778,363</u>	<u>2,959,333</u>	<u>3,223,709</u>
Income from continuing operations before income taxes and income (loss) from unconsolidated entities	112,203	185,912	102,245	384,213	636,117
Income tax (expense) benefit	(1,388)	(7,612)	(7,491)	1,267	(6,451)
Income (loss) from unconsolidated entities	<u>5,772</u>	<u>2,482</u>	<u>(8,187)</u>	<u>(27,426)</u>	<u>(21,504)</u>
Income from continuing operations	116,587	180,782	86,567	358,054	608,162
Income from discontinued operations, net	96,129	114,058	51,713	7,135	-
Gain (loss) on real estate dispositions, net	-	-	-	147,111	280,387
Net income	<u>212,716</u>	<u>294,840</u>	<u>138,280</u>	<u>512,300</u>	<u>888,549</u>
Preferred stock dividends	60,502	69,129	66,336	65,408	65,406
Preferred stock redemption charge	-	6,242	-	-	-
Net income (loss) attributable to noncontrolling interests	<u>(4,894)</u>	<u>(2,415)</u>	<u>(6,770)</u>	<u>147</u>	<u>4,799</u>
Net income attributable to common stockholders	<u>\$ 157,108</u>	<u>\$ 221,884</u>	<u>\$ 78,714</u>	<u>\$ 446,745</u>	<u>\$ 818,344</u>

Other Data

Average number of common shares outstanding:

Basic	173,741	224,343	276,929	306,272	348,240
Diluted	174,401	225,953	278,761	307,747	349,424

Per Share Data

Basic:

Income from continuing operations attributable to common stockholders	\$ 0.35	\$ 0.48	\$ 0.10	\$ 1.44	\$ 2.35
Discontinued operations, net	<u>0.55</u>	<u>0.51</u>	<u>0.19</u>	<u>0.02</u>	<u>-</u>
Net income attributable to common stockholders *	<u>\$ 0.90</u>	<u>\$ 0.99</u>	<u>\$ 0.28</u>	<u>\$ 1.46</u>	<u>\$ 2.35</u>

Diluted:

Income from continuing operations attributable to common stockholders	\$ 0.35	\$ 0.48	\$ 0.10	\$ 1.43	\$ 2.34
Discontinued operations, net	<u>0.55</u>	<u>0.50</u>	<u>0.19</u>	<u>0.02</u>	<u>-</u>
Net income attributable to common stockholders *	<u>\$ 0.90</u>	<u>\$ 0.98</u>	<u>\$ 0.28</u>	<u>\$ 1.45</u>	<u>\$ 2.34</u>

Cash distributions per common share	\$ 2.835	\$ 2.96	\$ 3.06	\$ 3.18	\$ 3.30
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	December 31,				
	2011	2012	2013	2014	2015
Balance Sheet Data					
Net real estate investments	\$ 13,942,350	\$ 17,423,009	\$ 21,680,221	\$ 22,851,196	\$ 26,888,685
Total assets ⁽¹⁾	14,878,245	19,491,552	23,026,666	24,962,923	29,023,845
Total long-term obligations ⁽¹⁾	7,194,391	8,474,342	10,594,723	10,776,640	12,967,686
Total liabilities ⁽¹⁾	7,565,948	8,936,441	11,235,296	11,403,465	13,664,877
Total preferred stock	1,010,417	1,022,917	1,017,361	1,006,250	1,006,250
Total equity	7,278,647	10,520,519	11,756,331	13,473,049	15,175,885

* Amounts may not sum due to rounding

(1) In 2015, we adopted new guidance on the presentation of debt issuance costs. This guidance 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 the debt liability. Adopting this guidance resulted in a reduction to total assets, total long-term obligations and total liabilities, which are presented for all periods above in accordance with this new guidance. See Note 2 to our consolidated financial statements for additional information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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The following discussion and analysis is based primarily on the consolidated financial statements of Welltower Inc. for the periods presented and should be read together with the notes thereto contained in this Annual Report on Form 10-K. Other important factors are identified in "Item 1 — Business" and "Item 1A — Risk Factors" above.

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 year ended December 31, 2015 (dollars in thousands):

Type of Property	Net Operating Income (NOI) ⁽¹⁾	Percentage of NOI	Number of Properties
Triple-net	\$ 1,200,301	53.6%	779
Seniors housing operating	701,262	31.4%	388
Outpatient medical	334,915	15.0%	259
Totals	<u>\$ 2,236,478</u>	<u>100.0%</u>	<u>1,426</u>

(1) Excludes our share of investments in unconsolidated entities and non-segment/corporate NOI. 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 review of, among other things, tenant relations, lease expirations, the mix of health service providers, hospital/health system relationships, property performance, capital improvement needs, and market conditions. 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 year ended December 31, 2015, rental income and resident fees represented 41% 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

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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 generally 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 December 31, 2015, we had \$360,908,000 of cash and cash equivalents, \$61,782,000 of restricted cash and \$1,610,075,000 of available borrowing capacity under our primary unsecured credit facility.

Capital Market Outlook

We believe the capital markets remain supportive of our investment strategy. For the year ended December 31, 2015, we raised \$3,272,283,000 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 \$4,819,684,000 for the year. 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 \$484,660,000. Also during October 2015, we raised approximately \$47,463,000 under our Equity Shelf Program (as defined below). In November 2015, we issued \$300,000,000 of Canadian-denominated 3.35% senior unsecured notes due 2020, generating net proceeds of \$223,367,000. Also, for the year ended December 31, 2015, we raised \$272,531,000 through our dividend reinvestment program.

Investments. The following summarizes our acquisitions and joint venture investments made during the year ended December 31, 2015 (dollars in thousands):

	Properties	Investment Amount ⁽¹⁾	Capitalization Rates ⁽²⁾	Book Amount ⁽³⁾
Triple-net	76	\$ 1,501,537	6.8%	\$ 1,506,179
Seniors housing operating	77	2,093,482	6.2%	2,814,878
Outpatient medical	11	170,499	6.0%	540,338
Total acquisitions/JVs	164	\$ 3,765,518	6.4%	\$ 4,861,395

(1) Represents stated 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 Note 3 to our consolidated financial statements for additional information.

Dispositions. The following summarizes property dispositions made during the year ended December 31, 2015 (dollars in thousands):

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Properties	Proceeds ⁽¹⁾	Capitalization Rates ⁽²⁾	Book Amount ⁽³⁾
Triple-net	26	\$ 440,576	7.7%	\$ 362,024
Outpatient medical	11	608,101	5.2%	181,553
Total property sales	37	\$ 1,048,677	6.2%	\$ 543,577

(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 audited consolidated financial statements for additional information.

Dividends. Our Board of Directors increased the annual cash dividend to \$3.44 per common share (\$0.86 per share quarterly), as compared to \$3.30 per common share for 2015, beginning in February 2016. The dividend declared for the quarter ended December 31, 2015 represents the 179th 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, credit strength and concentration risk. 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 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):

	Year Ended December 31,		
	2013	2014	2015
Net income attributable to common stockholders	\$ 78,714	\$ 446,745	\$ 818,344
Funds from operations	924,884	1,174,081	1,409,640
Net operating income from continuing operations	1,673,795	1,940,188	2,237,569
Same store cash net operating income	1,145,629	1,192,245	1,213,752

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 adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted 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:

	Year Ended December 31,		
	2013	2014	2015
Debt to book capitalization ratio	48%	45%	46%
Debt to undepreciated book capitalization ratio	43%	40%	41%
Debt to market capitalization ratio	39%	29%	33%
Adjusted interest coverage ratio	3.23x	3.86x	4.57x
Adjusted fixed charge coverage ratio	2.56x	3.06x	3.61x

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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:

	December 31,		
	2013	2014	2015
Property mix: ⁽¹⁾			
Triple-net	53%	53%	54%
Seniors housing operating	32%	33%	31%
Outpatient medical	15%	14%	15%
Relationship mix: ⁽¹⁾			
Genesis Healthcare	17%	16%	17%
Sunrise Senior Living ⁽²⁾	13%	15%	13%
Brookdale Senior Living	7%	9%	7%
Revera ⁽²⁾	3%	4%	5%
Benchmark Senior Living	4%	4%	4%
Remaining customers	56%	52%	54%
Geographic mix: ⁽¹⁾			
California	10%	10%	10%
United Kingdom	6%	7%	9%
New Jersey	9%	8%	8%
Texas	7%	7%	7%
Pennsylvania	6%	5%	6%
Remaining	62%	63%	60%

(1) Excludes our share of investments in unconsolidated entities and non-segment/corporate NOI. Entities in which we have 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.

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 "Item 1 — Business — Cautionary Statement Regarding Forward-Looking Statements" and "Item 1A — Risk Factors" and other sections of this Annual Report on Form 10-K. 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 "Item 1 — Business," "Item 1A — Risk Factors" and "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K 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 Annual Report on Form 10-K, 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,

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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):

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December, 31 2013	December, 31 2014	\$	%	December, 31 2015	\$	%	\$	%	
Beginning cash and cash equivalents	\$ 1,033,764	\$ 158,780	\$ (874,984)	-85%	\$ 473,726	\$ 314,946	198%	\$ (560,038)	-54%	
Cash provided from (used in):										
Operating activities	988,497	1,138,670	150,173	15%	1,373,468	234,798	21%	384,971	39%	
Investing activities	(3,531,593)	(2,126,206)	1,405,387	-40%	(3,484,160)	(1,357,954)	64%	47,433	-1%	
Financing activities	1,667,670	1,303,172	(364,498)	-22%	2,006,449	703,277	54%	338,779	20%	
Effect of foreign currency translation on cash and cash equivalents	442	(690)	(1,132)	n/a	(8,575)	(7,885)	1,143%	(9,017)	n/a	
Ending cash and cash equivalents	<u>\$ 158,780</u>	<u>\$ 473,726</u>	<u>\$ 314,946</u>	<u>198%</u>	<u>\$ 360,908</u>	<u>\$ (112,818)</u>	<u>-24%</u>	<u>\$ 202,128</u>	<u>127%</u>	

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 years ended December 31, 2013, 2014 and 2015, cash flows from operations exceeded cash distributions to stockholders.

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

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%	
New development	\$ 247,560	\$ 197,881	\$ (49,679)	-20%	\$ 244,561	\$ 46,680	24%	\$ (2,999)	-1%	
Recurring capital expenditures, tenant improvements and lease commissions	60,984	59,134	(1,850)	-3%	64,458	5,324	9%	3,474	6%	
Renovations, redevelopments and other capital improvements	74,848	73,646	(1,202)	-2%	123,294	49,648	67%	48,446	65%	
Total	<u>\$ 383,392</u>	<u>\$ 330,661</u>	<u>\$ (52,731)</u>	<u>-14%</u>	<u>\$ 432,313</u>	<u>\$ 101,652</u>	<u>31%</u>	<u>\$ 48,921</u>	<u>13%</u>	

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.

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/redemptions of common and preferred stock, and dividend payments which are summarized above in "Key Transactions in 2015." Please refer to Notes 9, 10 and 13 of our consolidated financial statements for additional information.

Off-Balance Sheet Arrangements

At December 31, 2015, we had investments in unconsolidated entities with our ownership ranging from 10% to 50%. Please see Note 7 to our consolidated financial statements for additional information. We use financial derivative instruments to hedge interest rate exposure. Please see Note 11 to our consolidated financial statements for additional information. At December 31, 2015, we had nine outstanding letter of credit obligations. Please see Note 12 to our consolidated financial statements for additional information.

Contractual Obligations

The following table summarizes our payment requirements under contractual obligations as of December 31, 2015 (in thousands):

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Contractual Obligations	Payments Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
Unsecured revolving credit facility ⁽¹⁾	\$ 835,000	\$ -	\$ -	\$ 835,000	\$ -
Senior unsecured notes and term credit facilities: ⁽²⁾					
U.S. Dollar senior unsecured notes	6,200,000	400,000	900,000	1,050,000	3,850,000
Pounds Sterling senior unsecured notes ⁽³⁾	1,548,330	-	-	-	1,548,330
Canadian Dollar senior unsecured notes ⁽³⁾	216,779	-	-	216,779	-
U.S. Dollar term credit facility	500,000	-	-	500,000	-
Canadian Dollar term credit facility ⁽³⁾	180,649	-	-	180,649	-
Secured debt: ^(2,3)					
Consolidated	3,478,207	547,325	1,127,424	554,421	1,249,037
Unconsolidated	474,772	25,984	34,583	21,757	392,448
Contractual interest obligations: ⁽⁴⁾					
Unsecured revolving credit facility	33,642	5,624	22,495	5,523	-
Senior unsecured notes and term loans ⁽³⁾	3,592,177	353,830	675,744	572,354	1,990,249
Consolidated secured debt ⁽³⁾	720,472	147,884	213,257	130,951	228,380
Unconsolidated secured debt ⁽³⁾	136,870	16,897	31,273	29,171	59,529
Capital lease obligations ⁽⁵⁾	98,569	4,732	9,411	8,506	75,920
Operating lease obligations ⁽⁵⁾	990,027	15,543	31,315	30,593	912,576
Purchase obligations ⁽⁵⁾	549,676	211,635	332,024	6,017	-
Other long-term liabilities ⁽⁶⁾	5,654	1,475	2,950	1,229	-
Total contractual obligations	<u>\$ 19,560,824</u>	<u>\$ 1,730,929</u>	<u>\$ 3,380,476</u>	<u>\$ 4,142,950</u>	<u>\$ 10,306,468</u>

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

(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 consolidated financial statements.

(6) Primarily relates to payments to be made under our Supplemental Executive Retirement Plan, which is discussed in Note 19 to the consolidated financial statements.

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 December 31, 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 and for the year ended December 31, 2015 is as follows:

Covenant	Per Agreement		Actual At December 31, 2015
	Primary Unsecured Credit Facility	Senior Unsecured Notes	
Total Indebtedness to Book Capitalization Ratio maximum	60%	n/a	46%
Secured Indebtedness to Total Assets Ratio maximum	30%	40%	12%
Total Indebtedness to Total Assets maximum	n/a	60%	45%
Unsecured Debt to Unencumbered Assets maximum	60%	n/a	39%
Adjusted Interest Coverage Ratio minimum	n/a	1.50x	4.57x
Adjusted Fixed Charge Coverage minimum	1.50x	n/a	3.61x

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 (1) an open-ended automatic or "universal" shelf

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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 January 31, 2016, 11,743,723 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 January 31, 2016, we had \$392,617,000 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.

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Results of Operations

Summary

Our primary sources of revenue include rent, resident fees and services, and interest income. 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 consolidated financial statements for additional information. The following is a summary of our results of operations (dollars in thousands, except per share amounts):

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	Amount	%	December 31, 2015	Amount	%	Amount	%	
Net income attributable to common stockholders	\$ 78,714	\$ 446,745	\$ 368,031	468%	\$ 818,344	\$ 371,599	83%	\$ 739,630	940%	
Funds from operations	924,884	1,174,081	249,197	27%	1,409,640	235,559	20%	484,756	52%	
Adjusted EBITDA	1,503,715	1,877,992	374,277	25%	2,278,930	400,938	21%	775,215	52%	
Net operating income from continuing operations	1,673,795	1,940,188	266,393	16%	2,237,569	297,381	15%	563,774	34%	
Same store cash NOI	1,145,629	1,192,245	46,616	4%	1,213,752	21,507	2%	68,123	6%	
Per share data (fully diluted):										
Net income attributable to common stockholders	\$ 0.28	\$ 1.45	\$ 1.17	418%	\$ 2.34	\$ 0.89	61%	\$ 2.06	736%	
Funds from operations	3.32	3.82	0.50	15%	4.03	0.21	5%	0.71	21%	
Adjusted interest coverage ratio	3.23x	3.86x	0.63x	20%	4.57x	0.71x	18%	1.34x	41%	
Adjusted fixed charge coverage ratio	2.56x	3.06x	0.50x	20%	3.61x	0.55x	18%	1.05x	41%	

The following table represents the changes in outstanding common stock for the period from January 1, 2013 to December 31, 2015 (in thousands):

	Year Ended			Totals
	December 31, 2013	December 31, 2014	December 31, 2015	
Beginning balance	260,374	289,564	328,790	260,374
Public offerings	23,000	33,925	19,550	76,475
Dividend reinvestment plan issuances	3,430	4,123	4,024	11,577
Senior note conversions	988	259	1,330	2,577
Preferred stock conversions	117	233	-	350
Issuances in acquisitions of noncontrolling interests	1,109	-	-	1,109
Option exercises	214	498	249	961
Equity Shelf Program issuances	-	-	696	696
Other, net	332	188	139	659
Ending balance	289,564	328,790	354,778	354,778

Average number of shares outstanding:

Basic	276,929	306,272	348,240
Diluted	278,761	307,747	349,424

During the past three years, inflation has not significantly affected our earnings because of the moderate inflation rate. Additionally, a large portion of our earnings are derived primarily from long-term investments with predictable rates of return. These investments are mainly financed with a combination of equity, senior unsecured notes, secured debt and borrowings under our primary unsecured credit facility. During inflationary periods, which generally are accompanied by rising interest rates, our ability to grow may be adversely affected because the yield on new investments may increase at a slower rate than new borrowing costs. Presuming the current inflation rate remains moderate and long-term interest rates do not increase significantly, we believe that inflation will not impact the availability of equity and debt financing for us.

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Triple-net

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

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%	
SSCNOI ⁽¹⁾	\$ 671,609	\$ 690,941	\$ 19,332	3%	\$ 712,806	\$ 21,865	3%	\$ 41,197	6%	
Non-cash NOI attributable to same store properties ⁽¹⁾	37,153	55,531	18,378	49%	72,666	17,135	31%	35,513	96%	
NOI attributable to non same store properties ⁽²⁾	185,859	280,662	94,803	51%	414,829	134,167	48%	228,970	123%	
NOI	<u>\$ 894,621</u>	<u>\$ 1,027,134</u>	<u>\$ 132,513</u>	<u>15%</u>	<u>\$ 1,200,301</u>	<u>\$ 173,167</u>	<u>17%</u>	<u>\$ 305,680</u>	<u>34%</u>	

(1) Change is due to increases in cash and non-cash NOI (described below) related to 496 same store properties.

(2) Change is primarily due to the acquisition of 211 properties, the conversion of 23 construction projects into revenue-generating properties subsequent to January 1, 2013 and the transition of 38 properties from our seniors housing operating segment on September 1, 2013.

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

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%	
Revenues:										
Rental income	\$ 866,138	\$ 992,638	\$ 126,500	15%	\$ 1,119,322	\$ 126,684	13%	\$ 253,184	29%	
Interest income	28,214	32,255	4,041	14%	74,108	41,853	130%	45,894	163%	
Other income	1,504	2,973	1,469	98%	6,871	3,898	131%	5,367	357%	
	895,856	1,027,866	132,010	15%	1,200,301	172,435	17%	304,445	34%	
Property operating expenses	1,235	732	(503)	-41%	-	(732)	-100%	(1,235)	-100%	
Net operating income from continuing operations (NOI)	894,621	1,027,134	132,513	15%	1,200,301	171,703	17%	305,680	34%	
Other expenses:										
Interest expense	23,322	38,460	15,138	65%	30,288	(8,172)	-21%	6,966	30%	
Loss (gain) on derivatives, net	4,877	(1,770)	(6,647)	n/a	(58,427)	(56,657)	3201%	(63,304)	-1298%	
Depreciation and amortization	249,913	273,296	23,383	9%	294,484	21,188	8%	44,571	18%	
Transaction costs	24,426	45,146	20,720	85%	53,254	8,108	18%	28,828	118%	
Loss (gain) on extinguishment of debt, net	40	98	58	145%	10,095	9,997	10201%	10,055	25138%	
Provision for loan losses	2,110	-	(2,110)	-100%	-	-	n/a	(2,110)	-100%	
Impairment of assets	-	-	-	n/a	2,220	2,220	n/a	2,220	n/a	
Other expenses	-	8,825	8,825	n/a	35,648	26,823	304%	35,648	n/a	
	304,688	364,055	59,367	19%	367,562	3,507	1%	62,874	21%	
Income from continuing operations before income taxes and income (loss) from unconsolidated entities	589,933	663,079	73,146	12%	832,739	169,660	26%	242,806	41%	
Income tax benefit (expense)	(1,817)	6,141	7,958	n/a	(4,244)	(10,385)	-169%	(2,427)	134%	
Income (loss) from unconsolidated entities	5,035	5,423	388	8%	8,260	2,837	52%	3,225	64%	
Income from continuing operations	593,151	674,643	81,492	14%	836,755	162,112	24%	243,604	41%	
Discontinued operations, net	57,742	7,135	(50,607)	-88%	-	(7,135)	-100%	(57,742)	-100%	
Gain (loss) on real estate dispositions, net	-	146,205	146,205	n/a	86,261	(59,944)	-41%	86,261	n/a	
Net income	650,893	827,983	177,090	27%	923,016	95,033	11%	272,123	42%	
Less: Net income attributable to noncontrolling interests	1,558	1,874	316	20%	6,348	4,474	239%	4,790	307%	
Net income attributable to common stockholders	<u>\$ 649,335</u>	<u>\$ 826,109</u>	<u>\$ 176,774</u>	<u>27%</u>	<u>\$ 916,668</u>	<u>\$ 90,559</u>	<u>11%</u>	<u>\$ 267,333</u>	<u>41%</u>	

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The increase in rental income is primarily attributable to the acquisitions of new properties and the conversion of newly constructed triple-net properties from which we receive rent. 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 December 31, 2015, we had no lease renewals but we had 16 leases with rental rate increasers ranging from 0.01% to 0.32% in our triple-net portfolio.

The increase in interest income is attributable to investments in new loans and draws on existing loans 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 year ended December 31, 2015, we completed five triple-net construction projects representing \$104,844,000 or \$234,027 per bed/unit plus expansion projects totaling \$38,808,000. The following is a summary of triple-net construction projects pending as of December 31, 2015 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Edmond, OK	142	\$ 24,500	\$ 11,667	3Q16
London, England	79	29,492	16,240	3Q16
Carrollton, TX	104	18,900	7,681	3Q16
Piscataway, NJ	124	30,600	19,386	4Q16
Raleigh, NC	225	93,000	42,707	4Q16
Tulsa, OK	145	25,800	6,290	4Q16
Livingston, NJ	120	51,440	19,453	1Q17
Bracknell, England	64	16,293	7,080	1Q17
Lancaster, PA	80	15,875	2,725	1Q17
Lititz, PA	80	15,200	2,763	1Q17
Total	1,163	\$ 321,100	\$ 135,992	

Total interest expense represents secured debt interest expense and interest expense on capital lease obligations. 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 secured debt principal activity (dollars in thousands):

	Year Ended December 31, 2013		Year Ended December 31, 2014		Year Ended December 31, 2015	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
	Beginning balance	\$ 218,741	5.393%	\$ 587,136	5.394%	\$ 670,769
Debt transitioned	367,997	5.298%	-	0.000%	-	0.000%
Debt issued	13,800	5.480%	-	0.000%	-	0.000%
Debt assumed	9,578	5.582%	120,352	5.404%	44,142	5.046%
Debt extinguished	(16,482)	3.304%	(22,970)	6.235%	(132,545)	4.695%
Foreign currency	-	0.000%	(2,180)	5.317%	(15,633)	5.315%
Principal payments	(6,498)	5.698%	(11,569)	5.564%	(12,719)	5.450%
Ending balance	<u>\$ 587,136</u>	<u>5.394%</u>	<u>\$ 670,769</u>	<u>5.337%</u>	<u>\$ 554,014</u>	<u>5.488%</u>
Monthly averages	\$ 339,129	5.394%	\$ 596,941	5.381%	\$ 551,803	5.518%

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. This event resulted in \$58,427,000 gain. During the fourth quarter of 2015, the cost basis of this investment exceeded the fair value. Management

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performed an assessment to determine whether the decline in fair value was other than temporary and concluded that it was. As a result, we recognized an other than temporary impairment charge of \$35,648,000 which is recorded in other expense.

Depreciation and amortization increased primarily as a result of new property acquisitions and the conversions of newly constructed 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 change in transaction costs from year to year is primarily a function of investment volume. The fluctuations in loss (gain) on extinguishment of debt is primarily attributable to the volume of extinguishments and terms of the related debt.

Changes in gains on sales of properties are related to the volume of property sales and the sales prices. We recognized impairment losses on certain held-for-sale properties as the fair value less estimated costs to sell exceeded our carrying values. The following illustrates the reclassification impact as a result of classifying the properties sold prior to or held for sale at December 31, 2013, as discontinued operations for the periods presented (dollars in thousands):

	Year Ended December 31,		
	2013	2014	2015
Rental income	\$ 8,987	\$ 881	\$ -
Expenses:			
Interest expense	2,566	157	-
Provision for depreciation	5,304	-	-
Income (loss) from discontinued operations, net	<u>\$ 1,117</u>	<u>\$ 724</u>	<u>\$ -</u>

During the year ended December 31, 2013, we wrote off one loan related to an active adult community. During the years ended December 31, 2014 and 2015, we did not record a provision for loan loss or have any loan write-offs. The provision for loan losses is related to our critical accounting estimate for the allowance for loan losses and is discussed in "Critical Accounting Policies" and Note 6 to our consolidated financial statements.

A portion of our triple-net properties were formed through partnerships. Income or loss from unconsolidated entities represents our share of net income or losses from partnerships where we are the noncontrolling partner. Net income attributable to noncontrolling interests represents our partners' share of net income relating to those partnerships where we are the controlling partner.

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Seniors Housing Operating

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

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%	
SSCNOI ⁽¹⁾	\$ 252,802	\$ 274,377	\$ 21,575	9%	\$ 267,431	\$ (6,946)	-3%	\$ 14,629	6%	
NOI attributable to non same store properties ⁽²⁾	275,361	356,886	81,525	30%	433,831	76,945	22%	158,470	58%	
NOI	<u>\$ 528,163</u>	<u>\$ 631,263</u>	<u>\$ 103,100</u>	<u>20%</u>	<u>\$ 701,262</u>	<u>\$ 69,999</u>	<u>11%</u>	<u>\$ 173,099</u>	<u>33%</u>	

(1) Due to increases in cash revenues (described below) related to 116 same store properties.

(2) Primarily due to the acquisition of 271 properties subsequent to January 1, 2013 and the transition of 38 properties to our triple-net segment on September 1, 2013.

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

	Year Ended		One Year Change		Year Ended		One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%	
Revenues:										
Resident fees and services	\$ 1,616,290	\$ 1,892,237	\$ 275,947	17%	\$ 2,158,031	\$ 265,794	14%	\$ 541,741	34%	
Interest income	757	2,119	1,362	180%	4,180	2,061	97%	3,423	452%	
Other income	355	3,215	2,860	806%	6,060	2,845	88%	5,705	1607%	
	<u>1,617,402</u>	<u>1,897,571</u>	<u>280,169</u>	<u>17%</u>	<u>2,168,271</u>	<u>270,700</u>	<u>14%</u>	<u>550,869</u>	<u>34%</u>	
Property operating expenses										
Net operating income from continuing operations (NOI)	<u>528,163</u>	<u>631,263</u>	<u>103,100</u>	<u>20%</u>	<u>701,262</u>	<u>69,999</u>	<u>11%</u>	<u>173,099</u>	<u>33%</u>	
Other expenses:										
Interest expense	92,148	113,099	20,951	23%	147,832	34,733	31%	55,684	60%	
Loss (gain) on derivatives, net	(407)	275	682	-168%	-	(275)	-100%	407	-100%	
Depreciation and amortization	478,007	418,199	(59,808)	-13%	351,733	(66,466)	-16%	(126,274)	-26%	
Transaction costs	107,066	16,880	(90,186)	-84%	54,966	38,086	226%	(52,100)	-49%	
Loss (gain) on extinguishment of debt, net	(3,372)	383	3,755	-111%	(195)	(578)	-151%	3,177	-94%	
Other expenses	-	1,437	1,437	n/a	-	(1,437)	-100%	-	n/a	
	<u>673,442</u>	<u>550,273</u>	<u>(123,169)</u>	<u>-18%</u>	<u>554,336</u>	<u>4,063</u>	<u>1%</u>	<u>(119,106)</u>	<u>-18%</u>	
(Loss) income from continuing operations before income from unconsolidated entities	(145,279)	80,990	226,269	-156%	146,926	65,936	81%	292,205	-201%	
Income tax expense	(5,337)	(3,047)	2,290	-43%	986	4,033	-132%	6,323	-118%	
(Loss) income from unconsolidated entities	(22,695)	(38,204)	(15,509)	68%	(32,672)	5,532	-14%	(9,977)	44%	
Net income (loss)	(173,311)	39,739	213,050	-123%	115,240	75,501	190%	288,551	-166%	
Less: Net income (loss) attributable to noncontrolling interests	(8,639)	(2,335)	6,304	-73%	(1,438)	897	-38%	7,201	-83%	
Net income (loss) attributable to common stockholders	<u>\$ (164,672)</u>	<u>\$ 42,074</u>	<u>\$ 206,746</u>	<u>-126%</u>	<u>\$ 116,678</u>	<u>\$ 74,604</u>	<u>177%</u>	<u>\$ 281,350</u>	<u>-171%</u>	

Fluctuations in revenues and property operating expenses are primarily a result of acquisitions subsequent to January 1, 2013, partially offset by the transition of 38 properties to triple-net on September 1, 2013. The increase in other income for the year ended December 31, 2015 is primarily a result of insurance proceeds received relating to a property. The fluctuations in depreciation and amortization are due to the net impact of acquisitions and variations in amortization of short-lived intangible assets. To the extent that we acquire or dispose of additional properties in the future, these amounts will change accordingly. Losses from unconsolidated

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entities are primarily attributable to depreciation and amortization of short-lived intangible assets related to our investments in unconsolidated joint ventures with Chartwell in 2012, Sunrise in 2013 and Senior Resource Group in 2014.

During the year ended December 31, 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 December 31, 2015 (dollars in thousands):

Location	Units/Beds	Commitment	Balance	Est. Completion
Camberley, England	102	\$ 20,459	\$ 18,755	4Q16
Bushey, England	95	58,403	14,070	2Q18
Chertsey, England	93	45,612	12,446	3Q18
Total	290	\$ 124,474	\$ 45,271	

Interest expense represents secured debt interest expense as well as interest expense related to all foreign senior unsecured debt. Please refer to Note 10 to our consolidated financial statements for additional information. The increases in interest expense are attributed primarily to the £550,000,000 Sterling-dominated senior unsecured notes issued in November 2013, the £500,000,000 Sterling-dominated senior unsecured notes issued in November 2014, and the \$300,000,000 Canadian-denominated senior unsecured notes issued in November 2015. The following is a summary of our seniors housing operating property secured debt principal activity (dollars in thousands):

	Year Ended December 31, 2013		Year Ended December 31, 2014		Year Ended December 31, 2015	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 1,369,526	4.874%	\$ 1,714,714	4.622%	\$ 1,654,531	4.422%
Debt issued	75,408	4.891%	109,503	3.374%	228,685	2.776%
Debt assumed	1,228,706	4.063%	18,484	4.359%	842,316	3.420%
Debt extinguished	(548,876)	3.597%	(114,793)	3.626%	(285,599)	4.188%
Debt transitioned	(367,997)	5.298%	-	0.000%	-	0.000%
Foreign currency	(10,361)	4.013%	(39,379)	3.727%	(110,691)	3.625%
Principal payments	(31,692)	4.643%	(33,998)	4.296%	(38,690)	4.126%
Ending balance	\$ 1,714,714	4.622%	\$ 1,654,531	4.422%	\$ 2,290,552	3.958%
Monthly averages	\$ 1,723,122	4.820%	\$ 1,657,416	4.515%	\$ 1,894,609	4.261%

The fluctuations in gains/losses on debt extinguishments is primarily attributable the volume of extinguishments and terms of the related secured debt. Transaction costs represent costs incurred with property acquisitions (including due diligence costs, fees for legal and valuation services, and termination of pre-existing relationships computed based on the fair value of the assets acquired), lease termination fees and other similar costs. The change in transaction costs from year to year is primarily a function of investment volume. 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 or loss related to those partnerships where we are the controlling partner.

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Outpatient Medical

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

	Year Ended		One Year Change		Year Ended	One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%
SSCNOI ⁽¹⁾	\$ 221,218	\$ 226,927	\$ 5,709	3%	\$ 233,515	\$ 6,588	3%	\$ 12,297	6%
Non-cash NOI attributable to same store properties ⁽¹⁾	8,436	7,494	(942)	-11%	6,097	(1,397)	-19%	(2,339)	-28%
NOI attributable to non same store properties ⁽²⁾	21,061	46,693	25,632	122%	95,303	48,610	104%	74,242	353%
NOI	\$ 250,715	\$ 281,114	\$ 30,399	12%	\$ 334,915	\$ 53,801	19%	\$ 84,200	34%

(1) Due to increases in cash and non-cash NOI (described below) related to 164 same store properties.

(2) Primarily due to the acquisition of 50 properties and conversions of construction projects into 14 revenue-generating properties subsequent to January 1, 2013.

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

	Year Ended		One Year Change		Year Ended	One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%
Revenues:									
Rental income	\$ 361,451	\$ 413,129	\$ 51,678	14%	\$ 479,626	\$ 66,497	16%	\$ 118,175	33%
Interest income	3,692	3,293	(399)	-11%	5,853	2,560	78%	2,161	59%
Other income	1,911	1,010	(901)	-47%	4,684	3,674	364%	2,773	145%
	367,054	417,432	50,378	14%	490,163	72,731	17%	123,109	34%
Property operating expenses	116,339	136,318	19,979	17%	155,248	18,930	14%	38,909	33%
Net operating income from continuing operations (NOI)	250,715	281,114	30,399	12%	334,915	53,801	19%	84,200	34%
Other expenses:									
Interest expense	36,823	32,904	(3,919)	-11%	28,822	(4,082)	-12%	(8,001)	-22%
Depreciation and amortization	137,880	152,635	14,755	11%	180,023	27,388	18%	42,143	31%
Transaction costs	1,909	7,512	5,603	294%	2,706	(4,806)	-64%	797	42%
Loss (gain) on extinguishment of debt, net	-	405	405	n/a	-	(405)	-100%	-	n/a
	176,612	193,456	16,844	10%	211,551	18,095	9%	34,939	20%
Income from continuing operations before income taxes and income (loss) from unconsolidated entities	74,103	87,658	13,555	18%	123,364	35,706	41%	49,261	66%
Income tax expense	(270)	(1,827)	(1,557)	577%	245	2,072	n/a	515	n/a
Income (loss) from unconsolidated entities	9,473	5,355	(4,118)	-43%	2,908	(2,447)	-46%	(6,565)	-69%
Income from continuing operations	83,306	91,186	7,880	9%	126,517	35,331	39%	43,211	52%
Discontinued operations, net	(6,029)	-	6,029	-100%	-	-	n/a	6,029	-100%
Gain (loss) on real estate dispositions, net	-	906	906	n/a	194,126	193,220	21327%	194,126	n/a
Net income (loss)	77,277	92,092	14,815	19%	320,643	228,551	248%	243,366	315%
Less: Net income (loss) attributable to noncontrolling interests	310	608	298	96%	(110)	(718)	n/a	(420)	n/a
Net income (loss) attributable to common stockholders	\$ 76,967	\$ 91,484	\$ 14,517	19%	\$ 320,753	\$ 229,269	251%	\$ 243,786	317%

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 December 31, 2015, our consolidated

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outpatient medical portfolio signed 75,573 square feet of new leases and 145,892 square feet of renewals. The weighted-average term of these leases was six years, with a rate of \$33.28 per square foot and tenant improvement and lease commission costs of \$24.87 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 4%.

During the year ended December 31, 2015, we completed one outpatient medical construction project representing \$16,592,000 or \$325 per square foot. The following is a summary of outpatient medical construction projects pending as of December 31, 2015 (dollars in thousands):

Location	Square Feet	Commitment	Balance	Est. Completion
Bel Air, MD	99,184	\$ 26,386	\$ 18,153	1Q16
Richmond, TX	36,475	11,670	7,277	1Q16
Stamford, CT	92,345	41,735	9,886	3Q16
Missouri, TX	23,863	9,180	2,252	3Q16
Wausau, WI	43,883	14,100	3,183	1Q17
Brooklyn, NY	140,955	103,624	19,808	1Q17
Timonium, MD	46,000	20,996	8,601	2Q17
Total	482,705	\$ 227,691	\$ 69,160	

Total interest expense represents secured debt interest expense offset by interest. 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):

	Year Ended December 31, 2013		Year Ended December 31, 2014		Year Ended December 31, 2015	
	Amount	Weighted Avg.	Amount	Weighted Avg.	Amount	Weighted Avg.
		Interest Rate		Interest Rate		Interest Rate
Beginning balance	\$ 713,720	5.950%	\$ 700,427	5.999%	\$ 609,268	5.838%
Debt assumed	52,574	6.126%	66,113	3.670%	120,959	2.113%
Debt extinguished	(49,017)	5.357%	(141,796)	5.567%	(88,182)	5.257%
Principal payments	(16,850)	6.193%	(15,476)	5.797%	(14,356)	5.975%
Ending balance	\$ 700,427	5.999%	\$ 609,268	5.838%	\$ 627,689	5.177%
Monthly averages	\$ 708,107	5.956%	\$ 626,797	5.928%	\$ 613,155	5.434%

The increase in other income is primarily attributable to the acquisition of a controlling interest in a portfolio of properties that were historically reported as unconsolidated property investments. The increases in property operating expenses and depreciation and amortization are 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, a lease termination expense and other similar costs. The fluctuations in transaction costs are primarily due to acquisition volumes in the relevant years. Income from unconsolidated entities represents our share of net income or losses related to the periods for which we held a joint venture investment with Forest City Enterprises and certain unconsolidated property investments. Changes in gains/losses on sales of properties are related to volume of property sales and the sales prices. The following illustrates the reclassification impact as a result of classifying the properties sold prior to or held for sale at December 31, 2013 as discontinued operations for the periods presented (dollars in thousands):

	Year Ended December 31,		
	2013	2014	2015
Rental income	\$ 9,390	\$ -	\$ -
Expenses:			
Interest expense	1,681	-	-
Property operating expenses	3,396	-	-
Provision for depreciation	2,855	-	-
Income (loss) from discontinued operations, net	\$ 1,458	\$ -	\$ -

A portion of our outpatient medical properties were formed through partnerships. Net income attributable to noncontrolling interests represents our partners' share of net income or loss relating to those partnerships where we are the controlling partner.

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Non-Segment/Corporate

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

	Year Ended		One Year Change		Year Ended	One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%
Revenues:									
Other income	\$ 296	\$ 677	\$ 381	129%	\$ 1,091	\$ 414	61%	\$ 795	269%
Expenses:									
Interest expense	306,067	296,576	(9,491)	-3%	285,227	(11,349)	-4%	(20,840)	-7%
General and administrative	108,318	142,943	34,625	32%	147,416	4,473	3%	39,098	36%
Loss (gain) on extinguishments of debt, net	2,423	8,672	6,249	258%	24,777	16,105	186%	22,354	923%
Other expenses	-	-	-	n/a	10,583	10,583	n/a	10,583	n/a
	<u>416,808</u>	<u>448,191</u>	<u>31,383</u>	<u>8%</u>	<u>468,003</u>	<u>19,812</u>	<u>4%</u>	<u>51,195</u>	<u>12%</u>
Loss from continuing operations before income taxes	(416,512)	(447,514)	(31,002)	7%	(466,912)	(19,398)	4%	(50,400)	12%
Income tax expense	(67)	-	67	-100%	(3,438)	(3,438)	n/a	(3,371)	5031%
Net loss	(416,579)	(447,514)	(30,935)	7%	(470,350)	(22,836)	5%	(53,771)	13%
Preferred stock dividends	66,336	65,408	(928)	-1%	65,406	(2)	0%	(930)	-1%
Net loss attributable to common stockholders	<u>\$ (482,915)</u>	<u>\$ (512,922)</u>	<u>\$ (30,007)</u>	<u>6%</u>	<u>\$ (535,756)</u>	<u>\$ (22,834)</u>	<u>4%</u>	<u>\$ (52,841)</u>	<u>11%</u>

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

	Year Ended		One Year Change		Year Ended	One Year Change		Two Year Change	
	December 31, 2013	December 31, 2014	\$	%	December 31, 2015	\$	%	\$	%
Senior unsecured notes	\$ 279,617	\$ 280,037	\$ 420	0%	\$ 267,609	\$ (12,428)	-4%	\$ (12,008)	-4%
Secured debt	495	460	(35)	-7%	357	(103)	-22%	(138)	-28%
Primary unsecured credit facility	15,498	8,914	(6,584)	-42%	10,812	1,898	21%	(4,686)	-30%
Capitalized interest	(6,700)	(7,150)	(450)	7%	(6,379)	771	-11%	321	-5%
Interest SWAP savings	(14)	(14)	-	0%	(28)	(14)	100%	(14)	100%
Loan expense	17,171	14,329	(2,842)	-17%	12,856	(1,473)	-10%	(4,315)	-25%
Totals	<u>\$ 306,067</u>	<u>\$ 296,576</u>	<u>\$ (9,491)</u>	<u>-3%</u>	<u>\$ 285,227</u>	<u>\$ (11,349)</u>	<u>-4%</u>	<u>\$ (20,840)</u>	<u>-7%</u>

The change in interest expense on senior unsecured notes is due to the net effect of issuances and extinguishments, excluding our foreign unsecured debt, which is in our seniors housing operating segment. Please refer to Note 10 to our 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. The change in capitalized interest is due to both changes in construction fundings and in our weighted-average cost of financing. 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 our 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 consolidated financial statements for additional information regarding our primary unsecured credit facility.

General and administrative expenses for 2014 included \$19,688,000 of CEO transition costs. Excluding these costs, general and administrative expenses as a percentage of consolidated revenues for the years ended December 31, 2015, 2014 and 2013 were 3.82%, 3.69% and 3.74%, respectively. The increases in general and administrative expenses, excluding the CEO transition costs, are 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 in the current year is primarily due to the early extinguishment of the 2016 senior unsecured notes. Other expenses in the current year are due to costs associated with the retirement of an executive officer and the termination of our investment in a strategic outpatient medical partnership.

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Other

Non-GAAP Financial Measures

We believe that net income attributable to common stockholders, as defined by U.S. GAAP, is the most appropriate earnings measurement. However, we consider FFO to be a useful supplemental measure 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 outpatient medical 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 full three year reporting period. Any properties acquired, developed, transitioned or classified in discontinued operations 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.

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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. The provisions for depreciation and amortization include provisions for depreciation and amortization from discontinued operations. 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.

	Year Ended December 31,		
	2013	2014	2015
FFO Reconciliation:			
Net income attributable to common stockholders	\$ 78,714	\$ 446,745	\$ 818,344
Depreciation and amortization	873,960	844,130	826,240
Impairment of assets	-	-	2,220
Loss (gain) on sales of properties	(49,138)	(153,522)	(280,387)
Noncontrolling interests	(36,304)	(37,852)	(39,271)
Unconsolidated entities	57,652	74,580	82,494
Funds from operations	\$ 924,884	\$ 1,174,081	\$ 1,409,640
Average common shares outstanding:			
Basic	276,929	306,272	348,240
Diluted	278,761	307,747	349,424
Per share data:			
Net income attributable to common stockholders			
Basic	\$ 0.28	\$ 1.46	\$ 2.35
Diluted	0.28	1.45	2.34
Funds from operations			
Basic	\$ 3.34	\$ 3.83	\$ 4.05
Diluted	3.32	3.82	4.03

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 and the provisions for depreciation and amortization include discontinued operations. Dollars are in thousands.

	Year Ended December 31,		
	2013	2014	2015
Adjusted EBITDA Reconciliation:			
Net income	\$ 138,280	\$ 512,300	\$ 888,549
Interest expense	462,606	481,196	492,169
Income tax expense (benefit), net	7,491	(1,267)	6,451
Depreciation and amortization	873,960	844,130	826,240
Stock-based compensation expense	20,177	32,075	30,844
Provision for loan losses	2,110	-	-
Loss (gain) on extinguishment of debt, net	(909)	9,558	34,677
Adjusted EBITDA	\$ 1,503,715	\$ 1,877,992	\$ 2,278,930
Adjusted Interest Coverage Ratio:			
Interest expense	\$ 462,606	\$ 481,196	\$ 492,169
Capitalized interest	6,700	7,150	8,670
Non-cash interest expense	(4,044)	(2,427)	(2,586)
Total interest	465,262	485,919	498,253
Adjusted EBITDA	\$ 1,503,715	\$ 1,877,992	\$ 2,278,930
Adjusted interest coverage ratio	3.23x	3.86x	4.57x
Adjusted Fixed Charge Coverage Ratio:			
Interest expense	\$ 462,606	\$ 481,196	\$ 492,169
Capitalized interest	6,700	7,150	8,670
Non-cash interest expense	(4,044)	(2,427)	(2,586)
Secured debt principal payments	56,205	62,280	67,064
Preferred dividends	66,336	65,408	65,406
Total fixed charges	587,803	613,607	630,723
Adjusted EBITDA	\$ 1,503,715	\$ 1,877,992	\$ 2,278,930
Adjusted fixed charge coverage ratio	2.56x	3.06x	3.61x

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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. Amounts are in thousands.

	Year Ended December 31,		
	2013	2014	2015
NOI Reconciliation:			
Total revenues:			
Triple-net	\$ 895,856	\$ 1,027,866	\$ 1,200,301
Seniors housing operating	1,617,402	1,897,571	2,168,271
Outpatient medical	367,054	417,432	490,163
Non-segment/corporate	296	677	1,091
Total revenues	2,880,608	3,343,546	3,859,826
Property operating expenses:			
Triple-net	1,235	732	-
Seniors housing operating	1,089,239	1,266,308	1,467,009
Outpatient medical	116,339	136,318	155,248
Total property operating expenses	1,206,813	1,403,358	1,622,257
Net operating income:			
Triple-net	894,621	1,027,134	1,200,301
Seniors housing operating	528,163	631,263	701,262
Outpatient medical	250,715	281,114	334,915
Non-segment/corporate	296	677	1,091
Net operating income from continuing operations	1,673,795	1,940,188	2,237,569
Reconciling items:			
Interest expense	(458,360)	(481,039)	(492,169)
Loss (gain) on derivatives, net	(4,470)	1,495	58,427
Depreciation and amortization	(865,800)	(844,130)	(826,240)
General and administrative	(108,318)	(142,943)	(147,416)
Transaction costs	(133,401)	(69,538)	(110,926)
Loss (gain) on extinguishment of debt, net	909	(9,558)	(34,677)
Impairment of assets	-	-	(2,220)
Other expenses	-	(10,262)	(46,231)
Provision for loan losses	(2,110)	-	-
Income tax benefit (expense)	(7,491)	1,267	(6,451)
Income (loss) from unconsolidated entities	(8,187)	(27,426)	(21,504)
Income (loss) from discontinued operations, net	51,713	7,135	-
Gain (loss) on real estate dispositions, net	-	147,111	280,387
Preferred dividends	(66,336)	(65,408)	(65,406)
Loss (income) attributable to noncontrolling interests	6,770	(147)	(4,799)
	(1,595,081)	(1,493,443)	(1,419,225)
Net income (loss) attributable to common stockholders	\$ 78,714	\$ 446,745	\$ 818,344

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

	Year Ended December 31,		
	2013	2014	2015
Same Store Cash NOI Reconciliation:			
Net operating income from continuing operations:			
Triple-net	\$ 894,621	\$ 1,027,134	\$ 1,200,301
Seniors housing operating	528,163	631,263	701,262
Outpatient medical	250,715	281,114	334,915
Total	1,673,499	1,939,511	2,236,478
Adjustments:			
Triple-net:			
Non-cash NOI on same store properties	(37,153)	(55,531)	(72,666)
NOI attributable to non same store properties	(185,859)	(280,662)	(414,829)
Subtotal	(223,012)	(336,193)	(487,495)
Seniors housing operating:			
NOI attributable to non same store properties	(275,361)	(356,886)	(433,831)
Subtotal	(275,361)	(356,886)	(433,831)
Outpatient medical:			
Non-cash NOI on same store properties	(8,436)	(7,494)	(6,097)
NOI attributable to non same store properties	(21,061)	(46,693)	(95,303)
Subtotal	(29,497)	(54,187)	(101,400)
Total	(527,870)	(747,266)	(1,022,726)
Same store cash net operating income:			
Triple-net	671,609	690,941	712,806
Seniors housing operating	252,802	274,377	267,431
Outpatient medical	221,218	226,927	233,515
Total	\$ 1,145,629	\$ 1,192,245	\$ 1,213,752

Same Store Cash NOI Property Reconciliation:

Total properties	1,426
Acquisitions	(532)
Developments	(44)
Disposals/Held-for-sale	(17)
Segment transitions	(39)
Other ⁽¹⁾	(18)
Same store properties	<u>776</u>

(1) Includes eleven land parcels, three loans and four previously unconsolidated properties in which we purchased the majority interest during the year.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions. Management considers accounting estimates or assumptions 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 and the Audit Committee has reviewed the disclosure presented below relating to them. Management believes the current assumptions and other considerations used to estimate amounts reflected in our 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 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 our consolidated financial statements for further information on significant accounting policies that impact us and for the impact of new accounting standards. There were no accounting pronouncements that were issued, but not yet adopted by us, that we believe will materially impact our consolidated financial statements.

The following table presents information about our critical accounting policies, as well as the material assumptions used to develop each estimate:

Nature of Critical Accounting Estimate	Assumptions/Approach Used
<p><u>Principles of Consolidation</u></p> <p>The consolidated financial statements include our accounts, the accounts of our wholly-owned subsidiaries and the accounts of joint venture entities in which we own a majority voting interest with the ability to control operations and where no substantive participating rights or substantive kick out rights have been granted to the noncontrolling interests. In addition, we consolidate those entities deemed to be variable interest entities (VIEs) in which we are determined to be the primary beneficiary. All material intercompany transactions and balances have been eliminated in consolidation.</p>	<p>We make judgments about which entities are VIEs based on an assessment of whether (i) the equity investors as a group, if any, do not have a controlling financial interest, or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. We make judgments with respect to our level of influence or control of an entity and whether we are (or are not) the primary beneficiary of a VIE. Consideration of various factors includes, but is not limited to, our ability to direct the activities that most significantly impact the entity's economic performance, our form of ownership interest, our representation on the entity's governing body, the size and seniority of our investment, our ability and the rights of other investors to participate in policy making decisions, replace the manager and/or liquidate the entity, if applicable. Our ability to correctly assess our influence or control over an entity at inception of our involvement or on a continuous basis when determining the primary beneficiary of a VIE affects the presentation of these entities in our consolidated financial statements. If we perform a primary beneficiary analysis at a date other than at inception of the variable interest entity, our assumptions may be different and may result in the identification of a different primary beneficiary.</p>
<p><u>Income Taxes</u></p> <p>As part of the process of preparing our consolidated financial statements, significant management judgment is required to evaluate our compliance with REIT requirements.</p>	<p>Our determinations are based on interpretation of tax laws, and our conclusions may have an impact on the income tax expense recognized. Adjustments to income tax expense may be required as a result of: (i) audits conducted by federal and state tax authorities, (ii) our ability to qualify as a REIT, (iii) the potential for built-in-gain recognized related to prior-tax-free acquisitions of C corporations and (iv) changes in tax laws. Adjustments required in any given period are included in income.</p>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Nature of Critical Accounting Estimate	Assumptions/Approach Used
<p><u>Business Combinations</u></p> <p>Real property developed by us is recorded at cost, including the capitalization of construction period interest. The cost of real property acquired is allocated to net tangible and identifiable intangible assets based on their respective fair values. Tangible assets primarily consist of land, buildings and improvements. The remaining purchase price is allocated among identifiable intangible assets primarily consisting of the above or below market component of in-place leases and the value of in-place leases. The total amount of other intangible assets acquired is further allocated to in-place lease values and customer relationship values based on management's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with that respective tenant.</p>	<p>We make estimates as part of our allocation of the purchase price of acquisitions to the various components of the acquisition based upon the relative fair value of each component. The most significant components of our allocations are typically the allocation of fair value to the buildings as-if-vacant, land and in-place leases. In the case of the fair value of buildings and the allocation of value to land and other intangibles, our estimates of the values of these components will affect the amount of depreciation and amortization we record over the estimated useful life of the property acquired or the remaining lease term. In the case of the value of in-place leases, we make our best estimates based on our evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during hypothetical expected lease-up periods, market conditions and costs to execute similar leases. Our assumptions affect the amount of future revenue that we will recognize over the remaining lease term for the acquired in-place leases.</p> <p>We compute depreciation and amortization on our properties using the straight-line method based on their estimated useful lives which range from 15 to 40 years for buildings and five to 15 years for improvements. Amortization periods for intangibles are based on the remaining life of the lease.</p>
<p><u>Allowance for Loan Losses</u></p> <p>We maintain an allowance for loan losses in accordance with U.S. GAAP. The allowance for loan losses is maintained at a level believed adequate to absorb potential losses in our loans receivable. The determination of the allowance is based on a quarterly evaluation of all outstanding loans. If this evaluation indicates that there is a greater risk of loan charge-offs, additional allowances or placement on non-accrual status may be required. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due as scheduled according to the contractual terms of the original loan agreement. Consistent with this definition, all loans on non-accrual are deemed impaired. To the extent circumstances improve and the risk of collectability is diminished, we will return these loans to full accrual status.</p>	<p>The determination of the allowance is based on a quarterly evaluation of all outstanding loans, including general economic conditions and estimated collectability of loan payments and principal. We evaluate the collectability of our loans receivable based on a combination of factors, including, but not limited to, delinquency status, historical loan charge-offs, financial strength of the borrower and guarantors and value of the underlying property.</p>
<p><u>Fair Value of Derivative Instruments</u></p> <p>The valuation of derivative instruments is accounted for in accordance with U.S. GAAP, which requires companies to record derivatives at fair market value on the balance sheet as assets or liabilities.</p>	<p>The valuation of derivative instruments requires us to make estimates and judgments that affect the fair value of the instruments. Fair values of our forward exchange contracts are estimated using pricing models that consider forward currency spot rates, forward trade rates and discount rates. Fair values of our interest rate swaps are estimated by utilizing pricing models that consider forward yield curves, discount rates and counterparty credit risk. Such amounts and their recognition are subject to significant estimates which may change in the future.</p>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Nature of Critical Accounting Estimate	Assumptions/Approach Used
<p><u>Revenue Recognition</u></p> <p>Revenue is recorded in accordance with U.S. GAAP, which requires that revenue be recognized after four basic criteria are met. These four criteria include persuasive evidence of an arrangement, the rendering of service, fixed and determinable income and reasonably assured collectability. If the collectability of revenue is determined incorrectly, the amount and timing of our reported revenue could be significantly affected. Interest income on loans is recognized as earned based upon the principal amount outstanding subject to an evaluation of collectability risk. Substantially all of our operating leases contain fixed and/or contingent 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. We recognize resident fees and services, other than move-in fees, monthly as services are provided. Lease agreements with residents generally have a term of one year and are cancelable by the resident with 30 days' notice.</p>	<p>We evaluate the collectability of our revenues and related receivables on an on-going basis. We evaluate collectability based on assumptions and other considerations including, but not limited to, the certainty of payment, payment history, the financial strength of the investment's underlying operations as measured by cash flows and payment coverages, the value of the underlying collateral and guaranties and current economic conditions.</p> <p>If our evaluation indicates that collectability is not reasonably assured, we may place an investment on non-accrual or reserve against all or a portion of current income as an offset to revenue.</p>
<p><u>Impairment of Long-Lived Assets</u></p> <p>We review our long-lived assets for potential impairment in accordance with U.S. GAAP. An impairment charge must be recognized when the carrying value of a long-lived asset is not recoverable. The carrying value is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If it is determined that a permanent impairment of a long-lived asset has occurred, the carrying value of the asset is reduced to its fair value and an impairment charge is recognized for the difference between the carrying value and the fair value.</p>	<p>The net book value of long-lived assets is reviewed quarterly on a property by property basis to determine if there are indicators of impairment. These indicators may include anticipated operating losses at the property level, the tenant's inability to make rent payments, a decision to dispose of an asset before the end of its estimated useful life and changes in the market that may permanently reduce the value of the property. If indicators of impairment exist, then the undiscounted future cash flows from the most likely use of the property are compared to the current net book value. This analysis requires us to determine if indicators of impairment exist and to estimate the most likely stream of cash flows to be generated from the property during the period the property is expected to be held.</p>

Item 7A. 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 a discussion of the risks associated with potential fluctuations in interest rates and foreign currency exchange rates. For additional information, see “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies” and Notes 11 and 16 to our consolidated financial statements.

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):

	December 31, 2015		December 31, 2014	
	Principal balance	Fair value change	Principal balance	Fair value change
Senior unsecured notes	\$ 7,965,107	\$ (519,901)	\$ 7,101,655	\$ (547,358)
Secured debt	2,757,123	(91,376)	2,673,480	(93,580)
Totals	\$ 10,722,230	\$ (611,277)	\$ 9,775,135	\$ (640,938)

Our variable rate debt, including our unsecured line of credit arrangements, is reflected at fair value. At December 31, 2015, we had \$2,236,733,000 outstanding related to our variable rate debt. Assuming no changes in outstanding balances, a 1% increase in interest rates would result in increased annual interest expense of \$22,367,000. At December 31, 2014, we had \$983,783,000 outstanding related to 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 impacts the amount of net income we earn from our investments in Canada and the United Kingdom. Based solely on our results for the twelve months ended December 31, 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 for the twelve-month period. 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 United States, we may also decide to transact additional business or borrow funds in currencies other than the U.S. Dollar, 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, excluding cross currency hedge activity (dollars in thousands):

	December 31, 2015		December 31, 2014	
	Carrying value	Fair value change	Carrying value	Fair value change
Foreign currency exchange contracts	\$ 117,452	\$ 1,915	\$ 54,247	\$ 4,242
Debt designated as hedges	1,728,979	13,000	1,851,189	13,000
Totals	\$ 1,846,431	\$ 14,915	\$ 1,905,436	\$ 17,242

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Welltower Inc.

We have audited the accompanying consolidated balance sheets of Welltower Inc. as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Welltower Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its presentation of debt issuance costs as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Welltower Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Toledo, Ohio
February 18, 2016

**CONSOLIDATED BALANCE SHEETS
WELLTOWER, INC. AND SUBSIDIARIES**

	December 31, 2015	December 31, 2014
(In thousands)		
Assets		
Real estate investments:		
Real property owned:		
Land and land improvements	\$ 2,563,445	\$ 2,046,541
Buildings and improvements	25,522,542	21,799,313
Acquired lease intangibles	1,350,585	1,135,936
Real property held for sale, net of accumulated depreciation	169,950	323,818
Construction in progress	258,968	186,327
Gross real property owned	<u>29,865,490</u>	<u>25,491,935</u>
Less accumulated depreciation and amortization	<u>(3,796,297)</u>	<u>(3,020,908)</u>
Net real property owned	26,069,193	22,471,027
Real estate loans receivable	<u>819,492</u>	<u>380,169</u>
Net real estate investments	26,888,685	22,851,196
Other assets:		
Investments in unconsolidated entities	542,281	744,151
Goodwill	68,321	68,321
Cash and cash equivalents	360,908	473,726
Restricted cash	61,782	79,697
Straight-line receivable	395,562	279,806
Receivables and other assets	<u>706,306</u>	<u>466,026</u>
Total other assets	2,135,160	2,111,727
Total assets	<u>\$ 29,023,845</u>	<u>\$ 24,962,923</u>
Liabilities and equity		
Liabilities:		
Borrowings under primary unsecured credit facility	\$ 835,000	\$ -
Senior unsecured notes	8,548,055	7,729,405
Secured debt	3,509,142	2,963,186
Capital lease obligations	75,489	84,049
Accrued expenses and other liabilities	<u>697,191</u>	<u>626,825</u>
Total liabilities	13,664,877	11,403,465
Redeemable noncontrolling interests	183,083	86,409
Equity:		
Preferred stock	1,006,250	1,006,250
Common stock	354,811	328,835
Capital in excess of par value	16,478,300	14,740,712
Treasury stock	(44,372)	(35,241)
Cumulative net income	3,725,772	2,842,022
Cumulative dividends	(6,846,056)	(5,635,923)
Accumulated other comprehensive income (loss)	(88,243)	(77,009)
Other equity	4,098	5,507
Total Welltower Inc. stockholders' equity	<u>14,590,560</u>	<u>13,175,153</u>
Noncontrolling interests	<u>585,325</u>	<u>297,896</u>
Total equity	15,175,885	13,473,049
Total liabilities and equity	<u>\$ 29,023,845</u>	<u>\$ 24,962,923</u>

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
WELLTOWER INC. AND SUBSIDIARIES
(In thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Rental income	\$ 1,598,948	\$ 1,405,767	\$ 1,227,589
Resident fees and services	2,158,031	1,892,237	1,616,290
Interest income	84,141	37,667	32,663
Other income	18,706	7,875	4,066
Total revenues	<u>3,859,826</u>	<u>3,343,546</u>	<u>2,880,608</u>
Expenses:			
Interest expense	492,169	481,039	458,360
Property operating expenses	1,622,257	1,403,358	1,206,813
Depreciation and amortization	826,240	844,130	865,800
General and administrative	147,416	142,943	108,318
Transaction costs	110,926	69,538	133,401
Loss (gain) on derivatives, net	(58,427)	(1,495)	4,470
Loss (gain) on extinguishment of debt, net	34,677	9,558	(909)
Provision for loan losses	-	-	2,110
Impairment of assets	2,220	-	-
Other expenses	46,231	10,262	-
Total expenses	<u>3,223,709</u>	<u>2,959,333</u>	<u>2,778,363</u>
Income from continuing operations before income taxes and income from unconsolidated entities	636,117	384,213	102,245
Income tax (expense) benefit	(6,451)	1,267	(7,491)
Income (loss) from unconsolidated entities	(21,504)	(27,426)	(8,187)
Income from continuing operations	<u>608,162</u>	<u>358,054</u>	<u>86,567</u>
Discontinued operations:			
Gain (loss) on sales of properties, net	-	6,411	49,138
Income (loss) from discontinued operations, net	-	724	2,575
Discontinued operations, net	-	7,135	51,713
Gain (loss) on real estate dispositions, net	280,387	147,111	-
Net income	<u>888,549</u>	<u>512,300</u>	<u>138,280</u>
Less: Preferred stock dividends	65,406	65,408	66,336
Less: Net income (loss) attributable to noncontrolling interests ⁽¹⁾	4,799	147	(6,770)
Net income attributable to common stockholders	<u>\$ 818,344</u>	<u>\$ 446,745</u>	<u>\$ 78,714</u>
Average number of common shares outstanding:			
Basic	348,240	306,272	276,929
Diluted	349,424	307,747	278,761
Earnings per share:			
Basic:			
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$ 2.35	\$ 1.44	\$ 0.10
Discontinued operations, net	-	0.02	0.19
Net income attributable to common stockholders*	<u>\$ 2.35</u>	<u>\$ 1.46</u>	<u>\$ 0.28</u>
Diluted:			
Income from continuing operations attributable to common stockholders, including real estate dispositions	\$ 2.34	\$ 1.43	\$ 0.10
Discontinued operations, net	-	0.02	0.19
Net income attributable to common stockholders*	<u>\$ 2.34</u>	<u>\$ 1.45</u>	<u>\$ 0.28</u>

* Amounts may not sum due to rounding

(1) Includes amounts attributable to redeemable noncontrolling interests

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**WELLTOWER INC. AND SUBSIDIARIES**

(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$ 888,549	\$ 512,300	\$ 138,280
Other comprehensive income (loss):			
Unrecognized gain/(loss) on equity investments	-	389	(173)
Unrecognized gain/(loss) on cash flow hedges	(766)	4,409	1,898
Unrecognized actuarial gain/(loss)	246	(137)	1,522
Foreign currency translation gain/(loss)	(46,679)	(71,964)	(23,247)
Total other comprehensive income (loss)	<u>(47,199)</u>	<u>(67,303)</u>	<u>(20,000)</u>
Total comprehensive income	841,350	444,997	118,280
Total comprehensive income attributable to noncontrolling interests ⁽¹⁾	<u>(31,166)</u>	<u>(14,678)</u>	<u>(13,267)</u>
Total comprehensive income attributable to stockholders	<u>\$ 810,184</u>	<u>\$ 430,319</u>	<u>\$ 105,013</u>

(1) Includes amounts attributable to redeemable noncontrolling interests.

See accompanying notes

**CONSOLIDATED STATEMENTS OF EQUITY
WELLTOWER INC. AND SUBSIDIARIES**

(in thousands)

	Preferred Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock	Cumulative Net Income	Cumulative Dividends	Accumulated Other Comprehensive Income	Other Equity	Noncontrolling Interests	Total
Balances at December 31, 2012	\$ 1,022,917	\$ 260,396	\$ 10,543,690	\$ (17,875)	\$ 2,184,819	\$ (3,694,579)	\$ (11,028)	\$ 6,461	\$ 225,718	\$ 10,520,519
Comprehensive income:										
Net income					145,050				(5,487)	139,563
Other comprehensive income:							(13,503)		(6,497)	(20,000)
Total comprehensive income										119,563
Net change in noncontrolling interests		1,109	23,815						128,014	152,938
Amounts related to issuance of common stock										
from dividend reinvestment and stock										
incentive plans, net of forfeitures		3,852	239,837	(3,388)				(1,555)		238,746
Net proceeds from sale of common stock		23,000	1,607,281							1,630,281
Net proceeds from sale of preferred stock										
Equity component of convertible debt		988	(1,543)							(555)
Equity consideration in business combinations										
Proceeds from issuance of preferred shares										
Redemption of preferred stock										
Conversion of preferred stock	(5,556)	116	5,440							-
Option compensation expense								1,114		1,114
Cash dividends paid:										
Common stock cash dividends						(839,939)				(839,939)
Preferred stock cash dividends						(66,336)				(66,336)
Balances at December 31, 2013	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					512,153				(342)	511,811
Other comprehensive income:							(52,478)		(14,825)	(67,303)
Total comprehensive income										444,508
Net change in noncontrolling interests			(17,653)						(28,685)	(46,338)
Amounts related to issuance of common stock										
from dividend reinvestment and stock										
incentive plans, net of forfeitures		4,958	297,975	(13,978)				(1,425)		287,530
Net proceeds from sale of common stock		33,925	2,030,057							2,063,982
Equity component of convertible debt		258	935							1,193
Equity consideration in business combinations										
Proceeds from issuance of preferred shares										
Redemption of preferred stock										
Conversion of preferred stock	(11,111)	233	10,878							-
Option compensation expense								912		912
Cash dividends paid:										
Common stock cash dividends						(969,661)				(969,661)
Preferred stock cash dividends						(65,408)				(65,408)
Balances at December 31, 2014	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					883,750				4,878	888,628
Other comprehensive income:							(11,234)		(35,965)	(47,199)
Total comprehensive income										841,429
Net change in noncontrolling interests			(23,077)						318,516	295,439
Amounts related to issuance of common stock										
from dividend reinvestment and stock										
incentive plans, net of forfeitures		4,400	305,022	(9,131)				(2,107)		298,184
Net proceeds from sale of common stock		20,246	1,450,212							1,470,458
Equity component of convertible debt		1,330	5,431							6,761
Option compensation expense								698		698
Cash dividends paid:										
Common stock cash dividends						(1,144,727)				(1,144,727)
Preferred stock cash dividends						(65,406)				(65,406)
Balances at December 31, 2015	\$ 1,006,250	\$ 354,811	\$ 16,478,300	\$ (44,372)	\$ 3,725,772	\$ (6,846,056)	\$ (88,243)	\$ 4,098	\$ 585,325	\$ 15,175,885

See accompanying notes

**CONSOLIDATED STATEMENTS OF CASH FLOWS
WELLTOWER INC. AND SUBSIDIARIES**

(In thousands)	Year Ended December 31,		
	2015	2014	2013
Operating activities			
Net income	\$ 888,549	\$ 512,300	\$ 138,280
Adjustments to reconcile net income to net cash provided from (used in) operating activities:			
Depreciation and amortization	826,240	844,130	873,960
Other amortization expenses	4,991	6,971	8,097
Provision for loan losses	-	-	2,110
Impairment of assets	2,220	-	-
Stock-based compensation expense	30,844	32,075	20,177
Loss (gain) on derivatives, net	(58,427)	(1,495)	4,470
Loss (gain) on extinguishment of debt, net	34,677	9,558	(909)
Loss (income) from unconsolidated entities	21,504	27,426	8,187
Rental income in excess of cash received	(115,756)	(74,552)	(46,068)
Amortization related to above (below) market leases, net	4,018	739	460
Loss (gain) on sales of properties, net	(280,387)	(153,522)	(49,138)
Other (income) expense, net	31,979	-	-
Distributions by unconsolidated entities	637	9,060	8,885
Increase (decrease) in accrued expenses and other liabilities	(18,099)	(48,381)	67,557
Decrease (increase) in receivables and other assets	478	(25,639)	(47,571)
Net cash provided from (used in) operating activities	1,373,468	1,138,670	988,497
Investing activities			
Cash disbursed for acquisitions	(3,364,891)	(2,210,600)	(3,597,955)
Cash disbursed for capital improvements to existing properties	(187,752)	(132,780)	(135,832)
Cash disbursed for construction in progress	(244,561)	(197,881)	(247,560)
Capitalized interest	(8,670)	(7,150)	(6,700)
Investment in real estate loans receivable	(598,722)	(202,207)	(117,059)
Other investments, net of payments	(141,994)	(100,033)	(15,634)
Principal collected on real estate loans receivable	131,830	105,496	102,886
Contributions to unconsolidated entities	(160,323)	(353,496)	(99,769)
Distributions by unconsolidated entities	130,880	57,183	30,853
Proceeds from (payments on) derivatives	106,360	10,269	(6,803)
Decrease (increase) in restricted cash	29,719	(6,072)	79,957
Proceeds from sales of real property	823,964	911,065	482,023
Net cash provided from (used in) investing activities	(3,484,160)	(2,126,206)	(3,531,593)
Financing activities			
Net increase (decrease) under unsecured lines of credit arrangements	835,000	(130,000)	130,000
Proceeds from issuance of senior unsecured notes	1,451,434	773,992	1,756,192
Payments to extinguish senior unsecured notes	(558,830)	(365,188)	(517,625)
Net proceeds from the issuance of secured debt	228,685	109,503	89,208
Payments on secured debt	(573,390)	(341,839)	(674,103)
Net proceeds from the issuance of common stock	1,755,722	2,343,868	1,854,637
Decrease (increase) in deferred loan expenses	(11,513)	(16,782)	(13,503)
Contributions by noncontrolling interests ⁽¹⁾	173,018	9,962	5,072
Distributions to noncontrolling interests ⁽¹⁾	(50,877)	(43,691)	(35,592)
Acquisitions of noncontrolling interests	(5,663)	(1,175)	(23,247)
Cash distributions to stockholders	(1,210,133)	(1,035,069)	(906,275)
Other financing activities	(27,004)	(409)	2,906
Net cash provided from (used in) financing activities	2,006,449	1,303,172	1,667,670
Effect of foreign currency translation on cash and cash equivalents	(8,575)	(690)	442
Increase (decrease) in cash and cash equivalents	(112,818)	314,946	(874,984)
Cash and cash equivalents at beginning of period	473,726	158,780	1,033,764
Cash and cash equivalents at end of period	\$ 360,908	\$ 473,726	\$ 158,780
Supplemental cash flow information:			
Interest paid	\$ 492,771	\$ 504,165	\$ 447,108
Income taxes paid	12,214	18,548	12,110

(1) Includes amounts attributable to redeemable noncontrolling interests.

See accompanying notes.

WELLTOWER INC.
NOTES TO 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. WelltowerTM, a real estate investment trust ("REIT"), owns 1,482 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 REIT to invest exclusively in health care facilities.

2. Accounting Policies and Related Matters

Principles of Consolidation

The consolidated financial statements include the accounts of our wholly-owned subsidiaries and joint venture ("JV") entities that we control, through voting rights or other means. All material intercompany transactions and balances have been eliminated in consolidation. At inception of JV transactions, we identify entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and determine which business enterprise is the primary beneficiary of its operations. A VIE is broadly defined as an entity where either (i) the equity investors as a group, if any, do not have a controlling financial interest, or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. We consolidate investments in VIEs when we are determined to be the primary beneficiary. Accounting Standards Codification Topic 810, *Consolidations* ("ASC 810"), requires enterprises to perform a qualitative approach to determining whether or not a VIE will need to be consolidated on a continuous basis. This evaluation is based on an enterprise's ability to direct and influence the activities of a VIE that most significantly impact that entity's economic performance. For investments in JVs, we evaluate the type of rights held by the limited partner(s), which may preclude consolidation in circumstances in which the sole general partner would otherwise consolidate the limited partnership. The assessment of limited partners' rights and their impact on the presumption of control over a limited partnership by the sole general partner should be made when an investor becomes the sole general partner and should be reassessed if (i) there is a change to the terms or in the exercisability of the rights of the limited partners, (ii) the sole general partner increases or decreases its ownership in the limited partnership, or (iii) there is an increase or decrease in the number of outstanding limited partnership interests. We similarly evaluate the rights of managing members of limited liability companies.

Use of Estimates

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

Revenue Recognition

Revenue is recorded in accordance with U.S. GAAP, which requires that revenue be recognized after four basic criteria are met. These four criteria include persuasive evidence of an arrangement, the rendering of service, fixed and determinable income and reasonably assured collectability. Interest income on loans is recognized as earned based upon the principal amount outstanding subject to an evaluation of collectability risk. Substantially all of our operating leases contain 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. Leases in our outpatient medical portfolio typically include some form of operating expense reimbursement by the tenant. Certain payments made to operators are treated as lease incentives and amortized as a reduction of revenue over the lease term. We recognize resident fees and services, other than move-in fees, monthly as services are provided. Lease agreements with residents generally have a term of one year and are cancelable by the resident with 30 days' notice.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash primarily consists of amounts held by lenders to provide future payments for real estate taxes, insurance, tenant and capital improvements and amounts held in escrow relating to acquisitions we are entitled to receive over a period of time as outlined in the escrow agreement.

Deferred Loan Expenses

Deferred loan expenses are costs incurred by us in connection with the issuance, assumption and amendments of debt

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

arrangements. We amortize these costs over the term of the debt using the straight-line method, which approximates the effective interest method.

Investments in Unconsolidated Entities

Investments in entities that we do not consolidate but have the ability to exercise significant influence over operating and financial policies are reported under the equity method of accounting. Under the equity method, our share of the investee's earnings or losses is included in our consolidated results of operations. To the extent that our cost basis is different from the basis reflected at the entity level, the basis difference is generally amortized over the lives of the related assets and liabilities, and such amortization is included in our share of equity in earnings of the entity. The initial carrying value of investments in unconsolidated entities is based on the amount paid to purchase the entity interest or the estimated fair value of the assets prior to the sale of interests in the entity. We evaluate our equity method investments for impairment based upon a comparison of the estimated fair value of the equity method investment to its carrying value. When we determine a decline in the estimated fair value of such an investment below its carrying value is other-than-temporary, an impairment is recorded.

Marketable Securities

We classify marketable securities as available-for-sale. These securities are carried at their fair value with unrealized gains and losses recognized in stockholders' equity as a component of accumulated other comprehensive income (loss). When we determine declines in fair value of marketable securities are other-than-temporary, a loss is recognized in earnings.

Redeemable Noncontrolling Interests

Certain noncontrolling interests are redeemable at fair value. Accordingly, we record the carrying amount of the noncontrolling interests at the greater of (i) the initial carrying amount, increased or decreased for the noncontrolling interest's share of net income or loss and its share of other comprehensive income or loss and dividends or (ii) the redemption value. If it is probable that the interests will be redeemed in the future, we accrete the carrying value to the redemption value over the period until expected redemption, currently a weighted-average period of approximately four years. In accordance with ASC 810, the redeemable noncontrolling interests are classified outside of permanent equity, as a mezzanine item, in the balance sheet. At December 31, 2015, the current redemption value of redeemable noncontrolling interests exceeded the carrying value of \$183,083,000 by \$116,000,000.

During 2014 and 2015, we entered into DownREIT partnerships which give a real estate seller the ability to exchange its property on a tax deferred basis for equity membership interests ("OP units"). The OP units may be redeemed any time following the first anniversary of the date of issuance at the election of the holders for one share of our common stock per unit or, at our option, cash.

Real Property Owned

Real property developed by us is recorded at cost, including the capitalization of construction period interest. Expenditures for repairs and maintenance are expensed as incurred. Property acquisitions are accounted for as business combinations where we measure the assets acquired, liabilities (including assumed debt and contingencies) and any noncontrolling interests at their fair values on the acquisition date. The cost of real property acquired, which represents substantially all of the purchase price, is allocated to net tangible and identifiable intangible assets based on their respective fair values. These properties are depreciated on a straight-line basis over their estimated useful lives which range from 15 to 40 years for buildings and 5 to 15 years for improvements. Tangible assets primarily consist of land, buildings and improvements, including those related to capital leases. We consider costs incurred in conjunction with re-leasing properties, including tenant improvements and lease commissions, to represent the acquisition of productive assets and, accordingly, such costs are reflected as investment activities in our statement of cash flows.

The remaining purchase price is allocated among identifiable intangible assets primarily consisting of the above or below market component of in-place leases and the value associated with the presence of in-place tenants or residents. The value allocable to the above or below market component of the acquired in-place lease is determined based upon the present value (using a discount rate which reflects the risks associated with the acquired leases) of the difference between (i) the contractual amounts to be paid pursuant to the lease over its remaining term, and (ii) management's estimate of the amounts that would be paid using fair market rates over the remaining term of the lease. The amounts allocated to above market leases are included in acquired lease intangibles and below market leases are included in other liabilities in the balance sheet and are amortized to rental income over the remaining terms of the respective leases.

The total amount of other intangible assets acquired is further allocated to in-place lease values and customer relationship values for in-place tenants based on management's evaluation of the specific characteristics of each tenant's lease and our overall relationship with that respective tenant. Characteristics considered by management in allocating these values include the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors. The total amount of other intangible assets acquired is further allocated to in-place lease values for in-place residents with such value representing (i) value associated with lost revenue related to

WELLTOWER INC.
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tenant reimbursable operating costs that would be incurred in an assumed re-leasing period, and (ii) value associated with lost rental revenue from existing leases during an assumed re-leasing period. This intangible asset will be amortized over the remaining life of the lease.

The net book value of long-lived assets is reviewed quarterly on a property by property basis to determine if facts and circumstances suggest that the assets may be impaired or that the depreciable life may need to be changed. We consider external factors relating to each asset and the existence of a master lease which may link the cash flows of an individual asset to a larger portfolio of assets leased to the same tenant. If these factors and the projected undiscounted cash flows of the asset over the remaining depreciation period indicate that the asset will not be recoverable, the carrying value is reduced to the estimated fair market value. In addition, we are exposed to the risks inherent in concentrating investments in real estate, and in particular, the seniors housing and health care industries. A downturn in the real estate industry could adversely affect the value of our properties and our ability to sell properties for a price or on terms acceptable to us.

Capitalization of Construction Period Interest

We capitalize interest costs associated with funds used for the construction of properties owned directly by us. The amount capitalized is based upon the balance outstanding during the construction period using the rate of interest which approximates our cost of financing. We capitalize interest costs related to construction of real property owned by us. Our interest expense reflected in the consolidated statements of comprehensive income has been reduced by the amounts capitalized.

Gain on Sale of Assets

We recognize sales of assets only upon the closing of the transaction with the purchaser. Payments received from purchasers prior to closing are recorded as deposits and classified as other assets on our consolidated balance sheets. Gains on assets sold are recognized using the full accrual method upon closing when (i) the collectability of the sales price is reasonably assured, (ii) we are not obligated to perform significant activities after the sale to earn the profit, (iii) we have received adequate initial investment from the purchaser and (iv) other profit recognition criteria have been satisfied. Gains may be deferred in whole or in part until the sales satisfy the requirements of gain recognition on sales of real estate.

Real Estate Loans Receivable

Real estate loans receivable consist of mortgage loans and other real estate loans. Interest income on loans is recognized as earned based upon the principal amount outstanding subject to an evaluation of collectability risks. The loans are primarily collateralized by a first, second or third mortgage lien, a leasehold mortgage on, or an assignment of the partnership interest in, the related properties, corporate guaranties and/or personal guaranties.

Allowance for Losses on Loans Receivable

The allowance for losses on loans receivable is maintained at a level believed adequate to absorb potential losses in our loans receivable. The determination of the allowance is based on a quarterly evaluation of these loans, including general economic conditions and estimated collectability of loan payments. We evaluate the collectability of our loans receivable based on a combination of factors, including, but not limited to, delinquency status, historical loan charge-offs, financial strength of the borrower and guarantors and value of the underlying collateral. If such factors indicate that there is greater risk of loan charge-offs, additional allowances or placement on non-accrual status may be required. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due as scheduled according to the contractual terms of the original loan agreement. Consistent with this definition, all loans on non-accrual are deemed impaired. To the extent circumstances improve and the risk of collectability is diminished, we will return these loans to full accrual status. While a loan is on non-accrual status, any cash receipts are applied against the outstanding principal balance.

Goodwill

We account for goodwill in accordance with U.S. GAAP. Goodwill is tested annually for impairment and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount, including goodwill, exceeds the reporting unit's fair value and the implied fair value of goodwill is less than the carrying amount of that goodwill. We have not had any goodwill impairments.

Fair Value of Derivative Instruments

Derivatives are recorded at fair value on the balance sheet as assets or liabilities. The valuation of derivative instruments requires us to make estimates and judgments that affect the fair value of the instruments. Fair values of our derivatives are estimated by pricing models that consider the forward yield curves and discount rates. The fair value of our forward exchange contracts are estimated by pricing models that consider foreign currency spot rates, forward trade rates and discount rates. Such amounts and the recognition of such amounts are subject to significant estimates that may change in the future. See Note 11 for additional information.

WELLTOWER INC.
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Federal Income Tax

We have elected to be treated as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with our first taxable year, and made no provision for federal income tax purposes prior to our acquisition of our “taxable REIT subsidiaries.” As a result of these as well as subsequent acquisitions, we now record income tax expense or benefit with respect to certain of our entities that are taxed as taxable REIT subsidiaries under provisions similar to those applicable to regular corporations and not under the REIT provisions. We account for deferred income taxes using the asset and liability method and recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. Under this method, we determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Any increase or decrease in the deferred tax liability that results from a change in circumstances, and that causes a change in our judgment about expected future tax consequences of events, is included in the tax provision when such changes occur. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. Any increase or decrease in the valuation allowance that results from a change in circumstances, and that causes a change in our judgment about the realizability of the related deferred tax asset, is included in the tax provision when such changes occur. See Note 18 for additional information.

Foreign Currency

Certain of our subsidiaries’ functional currencies are the local currencies of their respective countries. We translate the results of operations of our foreign subsidiaries into U.S. dollars using average rates of exchange in effect during the period, and we translate balance sheet accounts using exchange rates in effect at the end of the period. We record resulting currency translation adjustments in accumulated other comprehensive income, a component of stockholders’ equity, on our consolidated balance sheets. We record transaction gains and losses in our consolidated statements of comprehensive income.

Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares outstanding for the period adjusted for non-vested shares of restricted stock. The computation of diluted earnings per share is similar to basic earnings per share, except that the number of shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

New Accounting Standards

In May 2014, the 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 interest 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. Also in August 2015, the FASB issued ASU No. 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements” (“ASU 2015-15”), which clarifies the SEC staff’s position not objecting to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing such costs, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We adopted ASU 2015-03 and 2015-15 for the year ended December 31, 2015. There were deferred financing costs of \$56,696,000 and \$51,373,000 as of December 31, 2015 and 2014, respectively, that are now classified within senior unsecured notes and secured debt on our Consolidated Balance Sheets.

In September 2015, the FASB issued ASU No. 2015-16, “Simplifying the Accounting for Measurement-Period Adjustments” (“ASU 2015-16”). This guidance eliminated the requirement that an acquirer in a business combination account for adjustments it makes to the provisional amounts retrospectively. Instead, an acquirer recognizes these measurement-period adjustments during the

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

period in which they are determined, including the effect on earnings of any amounts the acquirer would have recorded in previous periods if the accounting had been completed at the acquisition date. ASU 2015-16 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.

Reclassifications

Certain amounts in prior years have been reclassified to conform to current year presentation.

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 for information regarding our foreign currency policies. During the year ended December 31, 2015, we finalized our purchase price allocation of certain previously reported acquisitions and there were no material changes from those previously disclosed.

Triple-Net Activity

The following provides our purchase price allocations and other triple-net real property investment activity for the periods presented (in thousands):

	Year Ended December 31,		
	2015 ⁽¹⁾	2014	2013
Land and land improvements	\$ 142,854	\$ 141,387	\$ 54,596
Buildings and improvements	1,358,717	1,365,638	360,594
Acquired lease intangibles	4,408	19,196	-
Restricted cash	6	-	189
Receivables and other assets	194	4,895	1,020
Total assets acquired ⁽²⁾	1,506,179	1,531,116	416,399
Secured debt	(47,741)	(130,638)	(9,810)
Senior unsecured notes	-	(48,567)	-
Accrued expenses and other liabilities	(2,905)	(9,067)	(540)
Total liabilities assumed	(50,646)	(188,272)	(10,350)
Noncontrolling interests	(13,465)	-	-
Non-cash acquisition related activity ⁽³⁾	(38,355)	(3,453)	(12,207)
Cash disbursed for acquisitions	1,403,713	1,339,391	393,842
Construction in progress additions	143,140	135,349	145,624
Less: Capitalized interest	(5,699)	(4,582)	(4,828)
Accruals Foreign currency translation	(167)	421	-
Non-cash related activity	-	(14,459)	-
Cash disbursed for construction in progress	137,274	116,729	140,796
Capital improvements to existing properties	45,293	18,901	35,912
Total cash invested in real property, net of cash acquired	<u>\$ 1,586,280</u>	<u>\$ 1,475,021</u>	<u>\$ 570,550</u>

(1) Includes acquisitions with an aggregate purchase price of \$910,433,000 for which the allocation of the purchase price consideration is preliminary and subject to change.

(2) Excludes \$16,572,000, \$1,382,000, and \$0 of cash acquired during the year ended December 31, 2015, 2014 and 2013, respectively.

(3) For the year ended December 31, 2015, \$23,288,000 relates to the acquisition of assets previously financed as real estate loans receivable and \$6,743,000 previously financed as equity investments. For the year ended December 31, 2013, \$12,204,000 relates to an asset swap transaction. Please refer to Notes 5 and 6.

WELLTOWER INC.
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Seniors Housing Operating Activity

Acquisitions of seniors housing operating properties are structured under RIDEA, which is described in Note 18. This structure results in the inclusion of all resident revenues and related property operating expenses from the operation of these qualified health care properties in our consolidated statements of comprehensive income.

The following is a summary of our seniors housing operating real property investment activity for the periods presented (in thousands):

	Year Ended December 31,		
	2015 ⁽¹⁾	2014	2013
Land and land improvements	\$ 218,581	\$ 57,534	\$ 445,152
Buildings and improvements	2,367,486	297,314	4,275,046
Acquired lease intangibles	187,512	12,983	396,444
Construction in progress	-	27,957	-
Restricted cash	11,798	804	44,427
Receivables and other assets	29,501	9,327	79,564
Total assets acquired ⁽²⁾	<u>2,814,878</u>	<u>405,919</u>	<u>5,240,633</u>
Secured debt	(871,471)	(19,834)	(1,275,245)
Senior unsecured notes	(24,621)	-	-
Accrued expenses and other liabilities	(81,778)	(17,802)	(96,709)
Total liabilities assumed	<u>(977,870)</u>	<u>(37,636)</u>	<u>(1,371,954)</u>
Noncontrolling interests	(183,854)	(482)	(232,575)
Non-cash acquisition related activity ⁽³⁾	-	-	(555,563)
Cash disbursed for acquisitions	1,653,154	367,801	3,080,541
Construction in progress additions	44,173	12,291	3,894
Less: Capitalized interest	(1,740)	(714)	(57)
Less: Foreign currency translation	(2,499)	(2,012)	-
Cash disbursed for construction in progress	39,934	9,565	3,837
Capital improvements to existing properties	104,308	86,803	72,258
Total cash invested in real property, net of cash acquired	<u>\$ 1,797,396</u>	<u>\$ 464,169</u>	<u>\$ 3,156,636</u>

(1) Includes an aggregate purchase price of \$2,002,698,000 relating to acquisitions for which the allocation of the purchase price consideration is preliminary and subject to change.

(2) Excludes \$30,930,000, \$9,060,000 and \$92,148,000 of cash acquired during the years ended December 31, 2015, 2014 and 2013, respectively.

(3) Represents Sunrise Senior Living loan and noncontrolling interest acquisitions during the first quarter of 2013.

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Outpatient Medical Activity

Accrued contingent consideration related to certain outpatient medical acquisitions was \$0, \$27,374,000 and \$26,187,000 as of December 31, 2015, 2014 and 2013, respectively. The following is a summary of our outpatient medical real property investment activity for the periods presented (in thousands):

	Year Ended December 31,		
	2015 ⁽¹⁾	2014	2013
Land and land improvements	\$ 176,689	\$ 63,129	\$ 14,515
Buildings and improvements	317,484	567,847	156,087
Acquired lease intangibles	45,226	46,661	9,432
Restricted cash	-	-	505
Receivables and other assets	939	-	344
Total assets acquired ⁽²⁾	540,338	677,637	180,883
Secured debt	(120,977)	(66,113)	(55,884)
Accrued expenses and other liabilities	(7,777)	(22,293)	(1,041)
Total liabilities assumed	(128,754)	(88,406)	(56,925)
Noncontrolling interests	(76,535)	(39,987)	(386)
Non-cash acquisition related activity ⁽³⁾	(27,025)	(45,836)	-
Cash disbursed for acquisitions	308,024	503,408	123,572
Construction in progress additions	70,560	99,878	123,494
Less: Capitalized interest	(1,286)	(1,854)	(1,815)
Accruals ⁽⁴⁾	(1,921)	(26,437)	(18,752)
Cash disbursed for construction in progress	67,353	71,587	102,927
Capital improvements to existing properties	38,151	27,076	27,662
Total cash invested in real property, net of cash acquired	\$ 413,528	\$ 602,071	\$ 254,161

(1) Includes acquisitions with an aggregate purchase price of \$91,829,000 for which the allocation of the purchase price consideration is preliminary and subject to change.

(2) Excludes \$5,522,000, \$0 and \$0 of cash acquired during the years ended December 31, 2015, 2014 and 2013, respectively.

(3) Non-cash activity relates to the acquisition of a controlling interest in a portfolio of properties that was historically reported as an unconsolidated property investment for the year ended December 31, 2015. For the year ended December 31, 2014, the non-cash activity 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:

	Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2013
Development projects:			
Triple-net	\$ 104,844	\$ 71,569	\$ 133,181
Seniors housing operating	19,869	-	-
Outpatient medical	16,592	127,290	127,363
Total development projects	141,305	198,859	260,544
Expansion projects	38,808	24,804	26,395
Total construction in progress conversions	\$ 180,113	\$ 223,663	\$ 286,939

At December 31, 2015, future minimum lease payments receivable under operating leases (excluding properties in our seniors housing operating partnerships and excluding any operating expense reimbursements) are as follows (in thousands):

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2016	\$	1,403,745
2017		1,402,087
2018		1,392,188
2019		1,350,736
2020		1,338,549
Thereafter		11,353,245
Totals	<u>\$</u>	<u>18,240,550</u>

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):

	December 31, 2015	December 31, 2014
Assets:		
In place lease intangibles	\$ 1,179,537	\$ 988,290
Above market tenant leases	67,529	65,684
Below market ground leases	80,224	62,426
Lease commissions	<u>23,295</u>	<u>19,536</u>
Gross historical cost	1,350,585	1,135,936
Accumulated amortization	<u>(881,096)</u>	<u>(776,501)</u>
Net book value	<u>\$ 469,489</u>	<u>\$ 359,435</u>
Weighted-average amortization period in years	13.4	17.7
Liabilities:		
Below market tenant leases	\$ 93,089	\$ 91,168
Above market ground leases	<u>7,907</u>	<u>7,859</u>
Gross historical cost	100,996	99,027
Accumulated amortization	<u>(46,048)</u>	<u>(40,891)</u>
Net book value	<u>\$ 54,948</u>	<u>\$ 58,136</u>
Weighted-average amortization period in years	14.5	14.4

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

	Year Ended December 31,		
	2015	2014	2013
Rental income related to above/below market tenant leases, net	\$ (2,746)	\$ 509	\$ 748
Property operating expenses related to above/below market ground leases, net	(1,272)	(1,248)	(1,208)
Depreciation and amortization related to in place lease intangibles and lease commissions	(115,855)	(214,966)	(246,938)

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

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		Assets		Liabilities
2016	\$	137,635	\$	7,523
2017		81,166		6,812
2018		47,283		6,185
2019		25,582		5,775
2020		22,163		5,294
Thereafter		155,660		23,359
Totals	\$	469,489	\$	54,948

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. Impairment of assets as reflected in our consolidated statements of comprehensive income relate to properties designated as held for sale and represent the charges necessary to adjust the carrying values to estimated fair values less costs to sell based on current sales price expectations. The following is a summary of our real property disposition activity for the periods presented (in thousands):

	Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2013
Real property dispositions:			
Triple-net	\$ 356,300	\$ 747,720	\$ 189,572
Outpatient medical ⁽¹⁾	181,553	45,695	259,367
Land parcels	5,724	-	-
Total dispositions	543,577	793,415	448,939
Gain (loss) on sales of real property, net	280,387	153,522	49,138
Seller financing on sales of real property	-	-	(3,850)
Non-cash disposition activity	-	(35,872)	(12,204)
Proceeds from real property sales	\$ 823,964	\$ 911,065	\$ 482,023

(1) Dispositions occurring in the year ended December 31, 2015 primarily relate 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):

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Rental income	\$ 35,241	\$ 115,759	\$ 132,797
Expenses:			
Interest expense	5,503	24,046	26,660
Property operating expenses	6,102	7,669	8,970
Provision for depreciation	6,342	35,239	41,494
Total expenses	17,947	66,954	77,124
Income (loss) from real estate dispositions, net	\$ 17,294	\$ 48,805	\$ 55,673

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 years presented (in thousands):

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	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Rental income	\$ -	\$ 881	\$ 18,377
Expenses:			
Interest expense	-	157	4,246
Property operating expenses	-	-	3,396
Provision for depreciation	-	-	8,160
Income (loss) from discontinued operations, net	<u>\$ -</u>	<u>\$ 724</u>	<u>\$ 2,575</u>

6. Real Estate Loans Receivable

The following is a summary of our real estate loans receivable (in thousands):

	December 31,	
	2015	2014
Mortgage loans	\$ 635,492	\$ 188,651
Other real estate loans	184,000	191,518
Totals	<u>\$ 819,492</u>	<u>\$ 380,169</u>

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

	Year Ended								
	December 31, 2015			December 31, 2014			December 31, 2013		
	Triple-net	Outpatient Medical	Totals	Triple-net	Outpatient Medical	Totals	Triple-net	Outpatient Medical	Totals
Advances on real estate loans receivable:									
Investments in new loans	\$ 530,497	\$ -	\$ 530,497	\$ 61,730	\$ 60,902	\$ 122,632	\$ 41,180	\$ 4,095	\$ 45,275
Draws on existing loans	65,614	2,611	68,225	59,420	20,155	79,575	71,315	4,319	75,634
Sub-total	596,111	2,611	598,722	121,150	81,057	202,207	112,495	8,414	120,909
Less: Seller financing on property sales	-	-	-	-	-	-	(3,850)	-	(3,850)
Net cash advances on real estate loans	596,111	2,611	598,722	121,150	81,057	202,207	108,645	8,414	117,059
Receipts on real estate loans receivable:									
Loan payoffs	121,778	-	121,778	71,004	48,258	119,262	69,596	-	69,596
Principal payments on loans	33,340	-	33,340	31,998	72	32,070	33,216	74	33,290
Sub-total	155,118	-	155,118	103,002	48,330	151,332	102,812	74	102,886
Less: Non-cash activity ⁽¹⁾	(23,288)	-	(23,288)	-	(45,836)	(45,836)	-	-	-
Net cash receipts on real estate loans	131,830	-	131,830	103,002	2,494	105,496	102,812	74	102,886
Net cash advances (receipts) on real estate loans	464,281	2,611	466,892	18,148	78,563	96,711	5,833	8,340	14,173
Change in balance due to foreign currency translation	(4,281)	-	(4,281)	(2,852)	-	(2,852)	1,402	-	1,402
Net change in real estate loans receivable	<u>\$ 436,712</u>	<u>\$ 2,611</u>	<u>\$ 439,323</u>	<u>\$ 15,296</u>	<u>\$ 32,727</u>	<u>\$ 48,023</u>	<u>\$ 7,235</u>	<u>\$ 8,340</u>	<u>\$ 15,575</u>

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

The following is a summary of the allowance for losses on loans receivable for the periods presented (in thousands):

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	Year Ended December 31,		
	2015	2014	2013
Balance at beginning of year	\$ -	\$ -	\$ -
Provision for loan losses	-	-	2,110
Charge-offs	-	-	(2,110)
Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of our loan impairments (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Balance of impaired loans at end of year	\$ -	\$ 21,000	\$ 500
Allowance for loan losses	-	-	-
Balance of impaired loans not reserved	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 500</u>
Average impaired loans for the year	\$ 10,500	\$ 10,750	\$ 2,365
Interest recognized on impaired loans ⁽¹⁾	-	757	206

(1) Represents interest recognized prior to placement on non-accrual status.

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 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⁾	December 31,	
		2015	2014
Triple-net	10% to 49%	\$ 36,351	\$ 31,511
Seniors housing operating	10% to 50%	499,537	539,147
Outpatient medical	36% to 49%	6,393	173,493
Total		<u>\$ 542,281</u>	<u>\$ 744,151</u>

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

At December 31, 2015, the aggregate unamortized basis difference of our joint venture investments of \$158,204,000 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. Summary combined financial information for our investments in unconsolidated entities held as of December 31, 2015 is as follows (dollars in thousands):

	December 31, 2015	December 31, 2014
Net real estate investments	\$ 1,359,034	\$ 2,107,201
Other assets	2,241,084	992,637
Total assets	3,600,118	3,099,838
Total liabilities	2,769,093	1,769,457
Redeemable noncontrolling interests	14,024	40,525
Total equity	<u>\$ 817,001</u>	<u>\$ 1,289,856</u>

	Year Ended December 31,		
	2015	2014	2013
Total revenues	\$ 2,947,993	\$ 1,879,240	\$ 1,739,381
Net income (loss)	(40,116)	5,002	(15,265)

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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 year ended December 31, 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	187	\$ 371,170	17%
Sunrise Senior Living ⁽³⁾	148	299,697	13%
Brookdale Senior Living	148	166,792	7%
Revera	97	109,778	5%
Benchmark Senior Living	50	98,887	4%
Remaining portfolio	796	1,191,245	54%
Totals	1,426	\$ 2,237,569	100%

(1) Genesis Healthcare is in our triple-net segment. Sunrise Senior Living and Revera are in our seniors housing operating segment. Brookdale Senior Living and Benchmark Senior Living are in both our triple-net and seniors housing operating segments.

(2) Investments with our top five relationships comprised 49% of NOI in 2014.

(3) For the year ended December 31, 2015, we recognized \$948,347,000 of revenue from Sunrise Senior Living.

9. Borrowings Under Credit Facilities and Related Items

At December 31, 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 December 31, 2015). Borrowings under the unsecured revolving credit facility are subject to interest payable at the applicable margin over LIBOR interest rate (1.347% at December 31, 2015). The applicable margin is based on certain of our debt ratings and was 0.925% at December 31, 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 December 31, 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):

	Year Ended December 31,		
	2015	2014	2013
Balance outstanding at year end ⁽¹⁾	\$ 835,000	\$ -	\$ 130,000
Maximum amount outstanding at any month end	\$ 835,000	\$ 637,000	\$ 1,019,050
Average amount outstanding (total of daily principal balances divided by days in period)	\$ 452,644	\$ 207,452	\$ 488,842
Weighted-average interest rate (actual interest expense divided by average borrowings outstanding)	1.17%	1.50%	1.45%

(1) As of December 31, 2015, letters of credit in the aggregate amount of \$54,925,000 have been issued which reduce the available borrowing capacity on the primary unsecured 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 December 31, 2015, the annual principal payments due on these

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debt obligations were as follows (in thousands):

	Senior Unsecured Notes ^(1,2)	Secured Debt ^(1,3)	Totals
2016	\$ 400,000	\$ 547,325	\$ 947,325
2017	450,000	476,661	926,661
2018	450,000	650,763	1,100,763
2019 ^(4,5)	1,280,649	380,588	1,661,237
2020 ⁽⁶⁾	666,779	173,833	840,612
Thereafter ^(7,8,9)	5,398,330	1,249,037	6,647,367
Totals	\$ 8,645,758	\$ 3,478,207	\$ 12,123,965

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

(2) Annual interest rates range from 1.4% to 6.5%.

(3) Annual interest rates range from 1.0% to 7.98%. Carrying value of the properties securing the debt totaled \$6,285,511,000 at December 31, 2015.

(4) On July 25, 2014, we refinanced the funding on a \$250,000,000 Canadian-denominated unsecured term credit facility (approximately \$180,649,000 based on the Canadian/U.S. Dollar exchange rate on December 31, 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 December 31, 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 one additional year at our discretion) and bears interest at LIBOR plus 97.5 basis points (1.4% at December 31, 2015).

(6) In November 2015, one of our wholly-owned subsidiaries issued and we guaranteed \$300,000,000 of Canadian-denominated 3.35% senior unsecured notes due 2020 (approximately \$216,779,000 based on the Canadian/U.S. Dollar exchange rate on December 31, 2015).

(7) On November 20, 2013, we completed funding on £550,000,000 (approximately \$811,030,000 based on the Sterling/U.S. Dollar exchange rate on December 31, 2015) of 4.8% senior unsecured notes due 2028.

(8) On November 25, 2014, we completed funding on £500,000,000 (approximately \$737,300,000 based on the Sterling/U.S. Dollar exchange rate on December 31, 2015) of 4.5% senior unsecured notes due 2034.

(9) 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 note principal activity during the periods presented (dollars in thousands):

	Year Ended					
	December 31, 2015		December 31, 2014		December 31, 2013	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 7,817,154	4.385%	\$ 7,421,707	4.395%	\$ 5,894,403	4.675%
Debt issued	1,475,540	3.901%	838,804	4.572%	2,036,930	3.824%
Debt assumed	24,621	6.000%	-	0.000%	-	0.000%
Debt extinguished	(300,000)	6.200%	(298,567)	5.855%	(300,000)	6.000%
Debt redeemed	(240,249)	3.303%	(59,143)	3.000%	(219,295)	3.000%
Foreign currency	(131,308)	3.966%	(85,647)	4.222%	9,669	3.993%
Ending balance	<u>\$ 8,645,758</u>	<u>4.237%</u>	<u>\$ 7,817,154</u>	<u>4.385%</u>	<u>\$ 7,421,707</u>	<u>4.395%</u>

During the twelve months ended December 31, 2010, we issued \$494,403,000 of 3.00% senior unsecured convertible notes due December 2029. The notes are convertible, in certain circumstances, into cash and, if applicable, shares of common stock at an initial conversion rate of 19.5064 shares per \$1,000 principal amount of notes, which represents an initial conversion price of \$51.27 per share. In general, upon conversion, the holder of each note would receive, in respect of the conversion value of such note, cash up to the principal amount of such note and common stock for the note's conversion value in excess of such principal amount. In addition, on each of December 1, 2019 and December 1, 2024, holders may require us to purchase all or a portion of their notes at a purchase price in cash equal to 100% of the principal amount of the notes to be purchased, plus any accrued and unpaid interest. The notes are bifurcated into a debt component and an equity component since they may be settled in cash upon conversion. The value of the debt component is based upon the estimated fair value of a similar debt instrument without the conversion feature at the time of issuance. The difference between the contractual principal on the debt and the value allocated to the debt of \$29,925,000 was recorded as an equity component and represents the conversion feature of the instrument. The excess of the contractual principal amount of the debt over its estimated fair value is amortized to interest expense using the effective interest method over the period used to estimate the fair value. During the year ended December 31, 2015, we received notice of conversion from holders of \$215,965,000 of the senior unsecured convertible notes, representing the remaining balance. These notes were converted into 366,211 shares of common stock and we recognized a loss on extinguishment of \$5,881,000, which is reflected on the consolidated statement of comprehensive income.

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

	Year Ended					
	December 31, 2015		December 31, 2014		December 31, 2013	
	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate	Amount	Weighted Avg. Interest Rate
Beginning balance	\$ 2,941,765	4.940%	\$ 3,010,711	5.095%	\$ 2,311,586	5.140%
Debt issued	228,685	2.776%	109,503	3.374%	89,208	4.982%
Debt assumed	1,007,482	3.334%	204,949	4.750%	1,290,858	4.159%
Debt extinguished	(506,326)	4.506%	(279,559)	4.824%	(614,375)	3.730%
Principal payments	(67,064)	4.801%	(62,280)	4.930%	(56,205)	5.248%
Foreign currency	(126,335)	3.834%	(41,559)	3.811%	(10,361)	4.013%
Ending balance	<u>\$ 3,478,207</u>	<u>4.440%</u>	<u>\$ 2,941,765</u>	<u>4.940%</u>	<u>\$ 3,010,711</u>	<u>5.095%</u>

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 December 31, 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 have elected to manage these risks through the use of forward exchange contracts and issuing debt in the foreign currency.

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 \$2,942,000 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 year ended December 31, 2015, we settled certain net investment hedges generating cash proceeds of \$106,360,000. 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):

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	December 31, 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	£	60,000	£ 40,000
Derivative instruments not designated:			
Denominated in Canadian Dollars	\$	47,000	\$ 12,000

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

	Location	Year Ended		
		December 31, 2015	December 31, 2014	December 31, 2013
Gain (loss) on forward exchange contracts recognized in income	Gain (loss) on derivatives, net	\$ -	\$ 1,495	\$ (4,470)
Gain (loss) on forward exchange contracts recognized in income	Interest expense	14,474	-	-
Loss (gain) on option exercise ⁽¹⁾	Gain (loss) on derivatives, net	(58,427)	-	-
Gain (loss) on forward exchange contracts and term loans designated as net investment hedge recognized in OCI	OCI	298,116	103,140	(28,244)

(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 December 31, 2015, we had nine outstanding letter of credit obligations totaling \$96,096,000 and expiring between 2016 and 2018. At December 31, 2015, we had outstanding construction in process of \$258,968,000 for leased properties and were committed to providing additional funds of approximately \$525,588,000 to complete construction. At December 31, 2015, we had contingent purchase obligations totaling \$24,088,000. 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 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 December 31, 2015, we had operating lease obligations of \$990,027,000 relating to

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certain ground leases and Company office space. Regarding the 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 December 31, 2015, aggregate future minimum rentals to be received under these noncancelable subleases totaled \$26,445,000.

At December 31, 2015, future minimum lease payments due under operating and capital leases are as follows (in thousands):

	Operating Leases	Capital Leases ⁽¹⁾
2016	\$ 15,543	\$ 4,732
2017	15,624	4,732
2018	15,691	4,679
2019	15,665	4,333
2020	14,928	4,173
Thereafter	912,576	75,920
Totals	<u>\$ 990,027</u>	<u>\$ 98,569</u>

(1) Amounts above represent principal and interest obligations under capital lease arrangements. Related assets with a gross value of \$167,324,000 and accumulated depreciation of \$20,555,000 are recorded in real property.

13. Stockholders' Equity

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

	December 31, 2015	December 31, 2014
Preferred Stock, \$1.00 par value:		
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	355,594,373	329,487,615
Outstanding shares	354,777,670	328,790,066

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

	Year Ended					
	December 31, 2015		December 31, 2014		December 31, 2013	
	Shares	Weighted Avg. Dividend Rate	Shares	Weighted Avg. Dividend Rate	Shares	Weighted Avg. Dividend Rate
Beginning balance	25,875,000	6.500%	26,108,236	6.496%	26,224,854	6.493%
Shares converted	-	0.000%	(233,236)	6.000%	(116,618)	6.000%
Ending balance	<u>25,875,000</u>	<u>6.500%</u>	<u>25,875,000</u>	<u>6.500%</u>	<u>26,108,236</u>	<u>6.496%</u>

During the three months ended December 31, 2010, we issued 349,854 shares of 6.00% Series H Cumulative Convertible and Redeemable Preferred Stock in connection with a business combination. During the years ended December 31, 2013 and 2014, all shares were converted into common stock, leaving zero shares outstanding.

During the three months ended March 31, 2011, we issued 14,375,000 of 6.50% Series I Cumulative Convertible Perpetual Preferred Stock. These shares have a liquidation value of \$50.00 per share. Dividends are payable quarterly in arrears. The preferred stock is not redeemable by us. The preferred shares are convertible, at the holder's option, into 0.8460 shares of common stock (equal to an initial conversion price of approximately \$59.10).

During the three months ended March 31, 2012, we issued 11,500,000 of 6.50% Series J Cumulative Redeemable Preferred Stock. Dividends are payable quarterly in arrears. The preferred stock, which has no stated maturity, may be redeemed by us at a redemption price of \$25.00 per share, plus accrued and unpaid dividends on such shares to the redemption date, on or after March 7, 2017.

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Common Stock. The following is a summary of our common stock issuances during the periods indicated (dollars in thousands, except per share amounts):

	Shares Issued	Average Price	Gross Proceeds	Net Proceeds
May 2013 public issuance	23,000,000	\$ 73.50	\$ 1,690,500	\$ 1,630,281
2013 Dividend reinvestment plan issuances	3,429,928	62.78	215,346	215,346
2013 Option exercises	213,724	42.16	9,010	9,010
2013 Senior note conversions	988,007		-	-
2013 Preferred stock conversions	116,618		-	-
2013 Equity issued in acquisition of noncontrolling interest	1,108,917		-	-
2013 Totals	<u>28,857,194</u>		<u>\$ 1,914,856</u>	<u>\$ 1,854,637</u>
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	1,095,465
2014 Dividend reinvestment plan issuances	4,122,941	62.35	257,055	257,055
2014 Option exercises	498,549	45.79	22,831	22,831
2014 Preferred stock conversions	233,236		-	-
2014 Stock incentive plans, net of forfeitures	188,147		-	-
2014 Senior note conversions	258,542		-	-
2014 Totals	<u>39,226,415</u>		<u>\$ 2,420,065</u>	<u>\$ 2,343,868</u>
February 2015 public issuance	19,550,000	\$ 75.50	\$ 1,476,025	\$ 1,423,935
2015 Dividend reinvestment plan issuances	4,024,169	67.72	272,531	272,531
2015 Option exercises	249,054	47.35	11,793	11,793
2015 Equity Shelf Program issuances	696,070	69.23	48,186	47,463
2015 Stock incentive plans, net of forfeitures	137,837		-	-
2015 Senior note conversions	1,330,474		-	-
2015 Totals	<u>25,987,604</u>		<u>\$ 1,808,535</u>	<u>\$ 1,755,722</u>

During the twelve months ended December 31, 2013, we acquired the remaining 20% noncontrolling interest in an existing partnership for \$91,000,000 which consisted of \$23,247,000 of cash and 1,108,917 shares of common stock. In connection with the acquisition, we incurred \$2,732,000 of transaction costs, which we have included as a reduction to additional paid in capital.

Dividends. The increase in dividends is primarily attributable to increases in our common shares outstanding as described above. Please refer to Notes 2 and 18 for information related to federal income tax of dividends. The following is a summary of our dividend payments (in thousands, except per share amounts):

	Year Ended					
	December 31, 2015		December 31, 2014		December 31, 2013	
	Per Share	Amount	Per Share	Amount	Per Share	Amount
Common Stock	\$ 3.30000	\$ 1,144,727	\$ 3.18000	\$ 969,661	\$ 3.06000	\$ 839,939
Series H Preferred Stock	-	-	0.00794	1	2.85840	930
Series I Preferred Stock	3.25000	46,719	3.25000	46,719	3.25000	46,719
Series J Preferred Stock	1.62510	18,687	1.62510	18,688	1.62510	18,687
Totals		<u>\$ 1,210,133</u>		<u>\$ 1,035,069</u>		<u>\$ 906,275</u>

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

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Unrecognized gains (losses) related to:

	Foreign Currency Translation	Equity Investments	Actuarial losses	Cash Flow Hedges	Total
Balance at December 31, 2014	\$ (74,770)	\$ -	\$ (1,589)	\$ (650)	\$ (77,009)
Other comprehensive income before reclassification adjustments	(10,714)	-	246	(2,626)	(13,094)
Reclassification amount to net income	-	-	-	1,860 ⁽¹⁾	1,860
Net current-period other comprehensive income	(10,714)	-	246	(766)	(11,234)
Balance at December 31, 2015	<u>\$ (85,484)</u>	<u>\$ -</u>	<u>\$ (1,343)</u>	<u>\$ (1,416)</u>	<u>\$ (88,243)</u>
Balance at December 31, 2013	\$ (17,631)	\$ (389)	\$ (1,452)	\$ (5,059)	\$ (24,531)
Other comprehensive income before reclassification adjustments	(56,611)	389	(137)	2,610	(53,749)
Reclassification amount to net income	(528)	-	-	1,799 ⁽¹⁾	1,271
Net current-period other comprehensive income	(57,139)	389	(137)	4,409	(52,478)
Balance at December 31, 2014	<u>\$ (74,770)</u>	<u>\$ -</u>	<u>\$ (1,589)</u>	<u>\$ (650)</u>	<u>\$ (77,009)</u>

(1) Please see Note 11 for additional information.

Other Equity. Other equity consists of accumulated option compensation expense, which represents the amount of amortized compensation costs related to stock options awarded to employees and directors.

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.

Under our long-term incentive plan, certain restricted stock awards are performance based. We will grant a target number of restricted stock units, with the ultimate award determined by the total shareholder return and operating performance metrics, measured in each case over a measurement period of three years. One third of the award will vest immediately at the end of the three year performance period, one third will vest a year after the performance period, and the remaining one third will vest two years after the performance period. Compensation expense for these performance grants is measured based on the probability of achievement of certain performance goals and is recognized over both the performance period and vesting period. For the portion of the grant for which the award is determined by the operating performance metrics, the estimated compensation cost was based on the grant date closing price and management's estimate of corporate achievement for the financial metrics. If the estimated number of performance based restricted stock to be earned changes, an adjustment will be recorded to recognize the accumulated difference between the revised and previous estimates. For the portion of the grant determined by the total shareholder return, management used a Monte Carlo model to assess the compensation cost. The expected term represents the period from the grant date to the end of the three-year performance period. The estimated compensation cost was derived using the following assumptions: risk free rates over the life of the plan ranging from 0.16% to 1.16%; estimated volatility figures ranging from 13.64% to 42.75% over the life of the plan using 50% historical volatility and 50% implied volatility; and dividend yield of 4.818%.

The following table summarizes compensation expense recognized for the periods presented (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Stock options	\$ 698	\$ 912	\$ 1,113
Restricted stock	30,146	31,163	19,064
	<u>\$ 30,844</u>	<u>\$ 32,075</u>	<u>\$ 20,177</u>

Stock Options

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We have not granted stock options since the year ended December 31, 2012 but some remain outstanding. As of December 31, 2015, there was \$300,000 of total unrecognized compensation expense related to unvested stock options that is expected to be recognized over a weighted-average period of one year. Stock options outstanding at December 31, 2015 have an aggregate intrinsic value of \$8,476,000.

Restricted Stock

The fair value of the restricted stock is equal to the market price of the Company's common stock on the date of grant and is amortized over the vesting periods. As of December 31, 2015, there was \$24,894,000 of total unrecognized compensation expense related to unvested restricted stock that is expected to be recognized over a weighted-average period of three years. The following table summarizes information about non-vested restricted stock incentive awards as of and for the year ended December 31, 2015:

	Restricted Stock	
	Number of Shares (000's)	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2014	554	\$ 56.92
Vested	(306)	61.09
Granted	449	66.93
Terminated	(59)	66.09
Non-vested at December 31, 2015	<u>638</u>	<u>\$ 62.00</u>

15. Earnings Per Share

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

	Year Ended December 31,		
	2015	2014	2013
Numerator for basic and diluted earnings per share - net income attributable to common stockholders	<u>\$ 818,344</u>	<u>\$ 446,745</u>	<u>\$ 78,714</u>
Denominator for basic earnings per share: weighted-average shares	348,240	306,272	276,929
Effect of dilutive securities:			
Employee stock options	143	188	226
Non-vested restricted shares	535	500	457
Redeemable shares	310	-	-
Convertible senior unsecured notes	196	787	1,149
Dilutive potential common shares	<u>1,184</u>	<u>1,475</u>	<u>1,832</u>
Denominator for diluted earnings per share: adjusted-weighted average shares	<u>349,424</u>	<u>307,747</u>	<u>278,761</u>
Basic earnings per share	<u>\$ 2.35</u>	<u>\$ 1.46</u>	<u>\$ 0.28</u>
Diluted earnings per share	<u>\$ 2.34</u>	<u>\$ 1.45</u>	<u>\$ 0.28</u>

Stock options outstanding were anti-dilutive for the years ended December 31, 2015, 2014 and 2013. The Series H Cumulative Convertible and Redeemable Preferred Stock and the Series I Cumulative Convertible Perpetual Preferred Stock were excluded from the calculations as the effect of the conversions also were anti-dilutive.

16. Disclosure about Fair Value of Financial Instruments

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

Mortgage Loans and Other Real Estate Loans Receivable — The fair value of mortgage loans and other real estate loans receivable is generally estimated by using level two and level three 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.

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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 one 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 senior unsecured notes payable was estimated based on level one publicly available trading prices.

Secured Debt — The fair value of fixed rate secured debt is estimated using level two 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.

Interest Rate Swap Agreements — Interest rate swap agreements are recorded in other assets or other liabilities on the balance sheet at fair market value. Fair market value is estimated using level two inputs by utilizing pricing models that consider forward yield curves and discount rates.

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 two 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 operating partnership (“OP”) 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):

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Mortgage loans receivable	\$ 635,492	\$ 663,501	\$ 188,651	\$ 194,935
Other real estate loans receivable	184,000	185,693	191,518	195,375
Available-for-sale equity investments	22,779	22,779	-	-
Cash and cash equivalents	360,908	360,908	473,726	473,726
Foreign currency forward contracts	129,520	129,520	57,087	57,087
Financial Liabilities:				
Borrowings under unsecured lines of credit arrangements	\$ 835,000	\$ 835,000	\$ -	\$ -
Senior unsecured notes	8,548,055	9,020,529	7,729,405	8,613,702
Secured debt	3,509,142	3,678,564	2,963,186	3,053,067
Foreign currency forward contracts	-	-	1,495	1,495
Redeemable OP unitholder interests	\$ 112,029	\$ 112,029	\$ 46,722	\$ 46,722

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:

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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 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.

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.

	Fair Value Measurements as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Available-for-sale equity investments ⁽¹⁾	\$ 22,779	\$ 22,779	\$ -	\$ -
Foreign currency forward contracts ⁽²⁾	129,520	-	129,520	-
Redeemable OP unitholder interests	112,029	-	112,029	-
Totals	<u>\$ 241,549</u>	<u>\$ -</u>	<u>\$ 241,549</u>	<u>\$ -</u>

(1) Unrealized gain or losses on equity investments are recorded in accumulated other comprehensive income (loss) at each measurement date. During 2015, we recognized an other than temporary impairment charge of \$35,648,000 on the Genesis Healthcare stock investment which was recorded through other expense. Also see Note 11 for details related to the gain on the derivative asset originally recognized.

(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 (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 year ended December 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).

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Our outpatient medical properties include outpatient medical buildings and life science buildings which are aggregated into our outpatient medical reportable segment. Our outpatient medical buildings are typically leased to multiple tenants and generally require a certain level of property management. During the year ended December 31, 2015, we disposed of our life science investments.

We evaluate performance based upon NOI of each segment. We define NOI as total revenues, including tenant reimbursements, less property 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 certain 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). 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 (which excludes unconsolidated entities) during the years ended December 31, 2015, 2014 and 2013 is as follows (in thousands):

Year Ended December 31, 2015:	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	\$ 1,119,322	\$ -	\$ 479,626	\$ -	\$ 1,598,948
Resident fees and services	-	2,158,031	-	-	2,158,031
Interest income	74,108	4,180	5,853	-	84,141
Other income	6,871	6,060	4,684	1,091	18,706
Total revenues	<u>1,200,301</u>	<u>2,168,271</u>	<u>490,163</u>	<u>1,091</u>	<u>3,859,826</u>
Property operating expenses	-	1,467,009	155,248	-	1,622,257
Net operating income from continuing operations	<u>1,200,301</u>	<u>701,262</u>	<u>334,915</u>	<u>1,091</u>	<u>2,237,569</u>
Reconciling items:					
Interest expense	30,288	147,832	28,822	285,227	492,169
(Loss) gain on derivatives, net	(58,427)	-	-	-	(58,427)
Depreciation and amortization	294,484	351,733	180,023	-	826,240
General and administrative	-	-	-	147,416	147,416
Transaction costs	53,254	54,966	2,706	-	110,926
(Loss) gain on extinguishment of debt, net	10,095	(195)	-	24,777	34,677
Impairment of assets	2,220	-	-	-	2,220
Other expenses	35,648	-	-	10,583	46,231
Income (loss) from continuing operations before income taxes and income (loss) from unconsolidated entities	832,739	146,926	123,364	(466,912)	636,117
Income tax expense	(4,244)	986	245	(3,438)	(6,451)
(Loss) income from unconsolidated entities	8,260	(32,672)	2,908	-	(21,504)
Income (loss) from continuing operations	<u>836,755</u>	<u>115,240</u>	<u>126,517</u>	<u>(470,350)</u>	<u>608,162</u>
Gain (loss) on real estate dispositions, net	86,261	-	194,126	-	280,387
Net income (loss)	<u>\$ 923,016</u>	<u>\$ 115,240</u>	<u>\$ 320,643</u>	<u>\$ (470,350)</u>	<u>\$ 888,549</u>
Total assets	\$ 12,692,054	\$ 11,519,902	\$ 4,727,227	\$ 84,662	\$ 29,023,845

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Year Ended December 31, 2014:	<u>Triple-net</u>	<u>Seniors Housing Operating</u>	<u>Outpatient Medical</u>	<u>Non-segment / Corporate</u>	<u>Total</u>
Rental income	\$ 992,638	\$ -	\$ 413,129	\$ -	\$ 1,405,767
Resident fees and services	-	1,892,237	-	-	1,892,237
Interest income	32,255	2,119	3,293	-	37,667
Other income	2,973	3,215	1,010	677	7,875
Total revenues	<u>1,027,866</u>	<u>1,897,571</u>	<u>417,432</u>	<u>677</u>	<u>3,343,546</u>
Property operating expenses	<u>732</u>	<u>1,266,308</u>	<u>136,318</u>	<u>-</u>	<u>1,403,358</u>
Net operating income from continuing operations	1,027,134	631,263	281,114	677	1,940,188
Reconciling items:					
Interest expense	38,460	113,099	32,904	296,576	481,039
(Loss) gain on derivatives, net	(1,770)	275	-	-	(1,495)
Depreciation and amortization	273,296	418,199	152,635	-	844,130
General and administrative	-	-	-	142,943	142,943
Transaction costs	45,146	16,880	7,512	-	69,538
(Loss) gain on extinguishment of debt, net	98	383	405	8,672	9,558
Other expenses	<u>8,825</u>	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>10,262</u>
Income (loss) from continuing operations before income taxes and income (loss) from unconsolidated entities	663,079	80,990	87,658	(447,514)	384,213
Income tax expense	6,141	(3,047)	(1,827)	-	1,267
(Loss) income from unconsolidated entities	<u>5,423</u>	<u>(38,204)</u>	<u>5,355</u>	<u>-</u>	<u>(27,426)</u>
Income (loss) from continuing operations	674,643	39,739	91,186	(447,514)	358,054
Income (loss) from discontinued operations	7,135	-	-	-	7,135
Gain (loss) on real estate dispositions, net	<u>146,205</u>	<u>-</u>	<u>906</u>	<u>-</u>	<u>147,111</u>
Net income (loss)	<u>\$ 827,983</u>	<u>\$ 39,739</u>	<u>\$ 92,092</u>	<u>\$ (447,514)</u>	<u>\$ 512,300</u>
Total assets	\$ 10,918,946	\$ 9,519,833	\$ 4,464,857	\$ 59,287	\$ 24,962,923

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2013	Triple-net	Seniors Housing Operating	Outpatient Medical	Non-segment / Corporate	Total
Rental income	\$ 866,138	\$ -	\$ 361,451	\$ -	\$ 1,227,589
Resident fees and services	-	1,616,290	-	-	1,616,290
Interest income	28,214	757	3,692	-	32,663
Other income	1,504	355	1,911	296	4,066
Total revenues	895,856	1,617,402	367,054	296	2,880,608
Property operating expenses	1,235	1,089,239	116,339	-	1,206,813
Net operating income from continuing operations	894,621	528,163	250,715	296	1,673,795
Reconciling items:					
Interest expense	23,322	92,148	36,823	306,067	458,360
Loss (gain) on derivatives, net	4,877	(407)	-	-	4,470
Depreciation and amortization	249,913	478,007	137,880	-	865,800
General and administrative	-	-	-	108,318	108,318
Transaction costs	24,426	107,066	1,909	-	133,401
Loss (gain) on extinguishment of debt, net	40	(3,372)	-	2,423	(909)
Provision for loan losses	2,110	-	-	-	2,110
Income (loss) from continuing operations before income taxes and income (loss) from unconsolidated entities	589,933	(145,279)	74,103	(416,512)	102,245
Income tax expense	(1,817)	(5,337)	(270)	(67)	(7,491)
(Loss) income from unconsolidated entities	5,035	(22,695)	9,473	-	(8,187)
Income from continuing operations	593,151	(173,311)	83,306	(416,579)	86,567
Income (loss) from discontinued operations	57,742	-	(6,029)	-	51,713
Net income (loss)	\$ 650,893	\$ (173,311)	\$ 77,277	\$ (416,579)	\$ 138,280

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 the periods presented (dollars in thousands):

	Year Ended					
	December 31, 2015		December 31, 2014		December 30, 2013	
	Amount	%	Amount	%	Amount	%
Revenues:						
United States	\$ 3,133,327	81.2%	\$ 2,801,474	83.8%	\$ 2,489,196	86.4%
International	726,499	18.8%	542,072	16.2%	391,412	13.6%
Total	\$ 3,859,826	100.0%	\$ 3,343,546	100.0%	\$ 2,880,608	100.0%

	As of					
	December 31, 2015		December 31, 2014			
	Amount	%	Amount	%		
Assets:						
United States	\$ 25,995,793	89.6%	\$ 19,855,076	79.5%		
International	3,028,052	10.4%	5,107,847	20.5%		
Total	\$ 29,023,845	100.0%	\$ 24,962,923	100.0%		

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 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.

Cash distributions paid to common stockholders, for federal income tax purposes, are as follows for the periods presented:

	Year Ended December 31,		
	2015	2014	2013
Per Share:			
Ordinary income	\$ 1.9134	\$ 1.7861	\$ 1.4928
Qualified dividend	0.0529	-	-
Return of capital	0.0503	0.8368	1.4176
Long-term capital gains	0.9352	0.1638	0.0448
Unrecaptured section 1250 gains	0.3482	0.3933	0.1048
Totals	<u>\$ 3.3000</u>	<u>\$ 3.1800</u>	<u>\$ 3.0600</u>

Our consolidated provision for income taxes is as follows for the periods presented (dollars in thousands):

	Year Ended December 31,		
	2015	2014	2013
Current	\$ 10,177	\$ 2,672	\$ 12,389
Deferred	(3,726)	(3,939)	(4,898)
Totals	<u>\$ 6,451</u>	<u>\$ (1,267)</u>	<u>\$ 7,491</u>

REITs generally are not subject to U.S. federal income taxes on that portion of REIT taxable income or capital gain that is distributed to stockholders. For the tax year ended December 31, 2015, as a result of acquisitions located in Canada and the United Kingdom, we were subject to foreign income taxes under the respective tax laws of these jurisdictions.

The provision for income taxes for the year ended December 31, 2015 primarily relates to state taxes, foreign taxes, and taxes based on income generated by entities that are structured as taxable REIT subsidiaries. During 2014, we established certain new wholly-owned direct and indirect subsidiaries in Luxembourg and Jersey and transferred interests in certain foreign investments into this new holding company structure. The new 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 new 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 will reflect current and deferred tax liabilities for any such withholding taxes incurred as a result of this holding company structure in its consolidated financial statements.

For the tax years ended December 31, 2015, 2014 and 2013, the foreign tax provision/(benefit) amount included in the consolidated provision for income taxes was \$7,385,000, (\$6,069,000) and (\$484,000), respectively.

A reconciliation of income tax expense, which is computed by applying the federal corporate tax rate for the years ended December 31, 2015, 2014 and 2013, to the income tax provision/(benefit) is as follows for the periods presented (dollars in thousands):

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31,		
	2015	2014	2013
Tax at statutory rate on earnings from continuing operations before unconsolidated entities, noncontrolling interests and income taxes	\$ 313,250	\$ 178,862	\$ 51,020
Increase / (decrease) in valuation allowance ⁽¹⁾	13,759	9,133	18,444
Tax at statutory rate on earnings not subject to federal income taxes	(319,832)	(189,070)	(88,762)
Foreign permanent depreciation	7,500	4,383	22,313
Other differences	(8,226)	(4,575)	4,476
Totals	<u>\$ 6,451</u>	<u>\$ (1,267)</u>	<u>\$ 7,491</u>

(1) Excluding purchase price accounting.

Each TRS and foreign entity subject to income taxes is a tax paying component for purposes of classifying deferred tax assets and liabilities. The tax effects of taxable and deductible temporary differences, as well as tax attributes, are summarized as follows for the periods presented (dollars in thousands):

	Year Ended December 31,		
	2015	2014	2013
Investments and property, primarily differences in investment basis, depreciation and amortization, the basis of land assets and the treatment of interests and certain costs	\$ (30,564)	\$ (1,020)	\$ (34,236)
Operating loss and interest deduction carryforwards	75,455	47,528	67,215
Expense accruals and other	6,259	26,191	19,309
Valuation allowance	(98,966)	(85,207)	(71,955)
Totals	<u>\$ (47,816)</u>	<u>\$ (12,508)</u>	<u>\$ (19,667)</u>

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. As required under the provisions of ASC 740, we apply the concepts on an entity-by-entity, jurisdiction-by-jurisdiction basis. With respect to the analysis of certain entities in multiple jurisdictions, a significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2015. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth.

On the basis of the evaluations performed as required by the codification, valuation allowances totaling \$98,966,000 were recorded on U.S. taxable REIT subsidiaries as well as entities in other jurisdictions to limit the deferred tax assets to the amount that we believe is more likely that not realizable. However, the amount of the deferred tax asset considered realizable could be adjusted if (i) estimates of future taxable income during the carryforward period are reduced or increased or (ii) objective negative evidence in the form of cumulative losses is no longer present (and additional weight may be given to subjective evidence such as our projections for growth). The valuation allowance rollforward is summarized as follows for the periods presented (dollars in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	\$ 85,207	\$ 71,955	\$ 12,199
Additions:			
Purchase price accounting	-	4,119	41,312
Expense	13,759	9,133	18,444
Ending balance	<u>\$ 98,966</u>	<u>\$ 85,207</u>	<u>\$ 71,955</u>

As a result of certain acquisitions, we are subject to corporate level taxes for any related asset dispositions that may occur during the five-year period immediately after such assets were owned by a C corporation ("built-in gains tax"). The amount of income potentially subject to this special corporate level tax is generally equal to the lesser of (a) the excess of the fair value of the asset over its adjusted tax basis as of the date it became a REIT asset, or (b) the actual amount of gain. Some but not all gains recognized during this period of time could be offset by available net operating losses and capital loss carryforwards. During the year ended December 31, 2015, we acquired certain additional assets with built-in gains as of the date of acquisition that could be subject to the built-in

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

gains tax if disposed of prior to the expiration of the applicable five-year period. We have not recorded a deferred tax liability as a result of the potential built-in gains tax based on our intentions with respect to such properties and available tax planning strategies.

Under the provisions of the REIT Investment Diversification and Empowerment Act of 2007 (“RIDEA”), for taxable years beginning after July 30, 2008, the REIT may lease “qualified health care properties” on an arm’s-length basis to a TRS if the property is operated on behalf of such subsidiary 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 consolidated financial statements and are subject to federal and state income taxes as the operations of such facilities are included in a TRS. Certain net operating loss carryforwards could be utilized to offset taxable income in future years.

Given the applicable statute of limitations, we generally are subject to audit by the Internal Revenue Service (“IRS”) for the year ended December 31, 2012 and subsequent years. The statute of limitations may vary in the states in which we own properties or conduct business. We do not expect to be subject to audit by state taxing authorities for any year prior to the year ended December 31, 2009. We are also subject to audit by the Canada Revenue Agency and provincial authorities generally for periods subsequent to May 2012 related to entities acquired or formed in connection with acquisitions, and by HM Revenue & Customs for periods subsequent to August 2012 related to entities acquired or formed in connection with acquisitions.

At December 31, 2015, we had a net operating loss (“NOL”) carryforward related to the REIT of \$443,197,000. Due to our uncertainty regarding the realization of certain deferred tax assets, we have not recorded a deferred tax asset related to NOLs generated by the REIT. These amounts can be used to offset future taxable income (and/or taxable income for prior years if an audit determines that tax is owed), if any. The REIT will be entitled to utilize NOLs and tax credit carryforwards only to the extent that REIT taxable income exceeds our deduction for dividends paid. The NOL carryforwards will expire through 2035.

At December 31, 2015, and 2014, we had a net operating loss carryforward related to Canadian entities of \$78,680,000, and \$32,085,000, respectively. These Canadian losses have a 20-year carryforward period. At December 31, 2015 and 2014, we had a net operating loss carryforward related to United Kingdom entities of \$179,598,000 and \$177,079,000, respectively. These United Kingdom losses do not have a finite carryforward period.

19. Retirement Arrangements

We have a Supplemental Executive Retirement Plan (“SERP”), a non-qualified defined benefit pension plan, which provides one former executive officer with supplemental deferred retirement benefits. The SERP provides an opportunity for the participant to receive retirement benefits that cannot be paid under our tax-qualified plans because of the restrictions imposed by ERISA and the Internal Revenue Code of 1986, as amended. Benefits are based on compensation and length of service and the SERP is unfunded. Benefit payments are expected to total \$5,654,000 during the next five fiscal years. We use a December 31 measurement date for the SERP. The accrued liability on our balance sheet for the SERP was \$5,474,000 at December 31, 2015 (\$6,882,000 at December 31, 2014).

On April 13, 2014, George L. Chapman, formerly the Chairman, Chief Executive Officer and President of the Company, informed the Board of Directors that he wished to retire from the Company, effective immediately. As a result of Mr. Chapman’s retirement, general and administrative expenses for the year ended December 31, 2014 included charges of \$19,688,000 related to: (i) the acceleration of \$9,223,000 of deferred compensation for restricted stock; and (ii) consulting, retirement payments and other costs of \$10,465,000.

WELLTOWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Quarterly Results of Operations (Unaudited)

The following is a summary of our unaudited quarterly results of operations for the years ended December 31, 2015 and 2014 (in thousands, except per share data). The sum of individual quarterly amounts may not agree to the annual amounts included in the consolidated statements of income due to rounding.

	Year Ended December 31, 2015			
	1st Quarter	2nd Quarter	3rd Quarter ⁽¹⁾	4th Quarter ⁽²⁾
Revenues	\$ 894,177	\$ 957,169	\$ 978,997	\$ 1,029,484
Net income (loss) attributable to common stockholders	190,799	312,573	182,043	132,929
Net income (loss) attributable to common stockholders per share:				
Basic	\$ 0.57	\$ 0.89	\$ 0.52	\$ 0.38
Diluted	0.56	0.89	0.52	0.37
	Year Ended December 31, 2014			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 801,807	\$ 826,446	\$ 847,523	\$ 867,770
Net income attributable to common stockholders	50,022	71,829	136,255	188,639
Net income attributable to common stockholders per share:				
Basic	\$ 0.17	\$ 0.24	\$ 0.44	\$ 0.58
Diluted	0.17	0.24	0.44	0.57

(1) The decrease in net income and amounts per share are primarily attributable to gains on sales of real estate of \$190,111,000 for the second quarter as compared to gains of \$2,046,000 for the third quarter.

(2) The decrease in net income and amounts per share are primarily attributable to the other than temporary impairment charge of \$35,648,000 recognized on the available-for-sale investment and increased transaction costs incurred due to fourth quarter acquisitions.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015 based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in a report entitled Internal Control — Integrated Framework.

The scope of management's assessment as of December 31, 2015 did not include an assessment of the internal control over financial reporting for certain acquisitions because the business combinations occurred during the year ended December 31, 2015. The acquired businesses represent 4% of total assets at December 31, 2015 and less than 1% of revenues and net operating income for the year then ended. The scope of management's assessment on internal control over financial reporting for the year ended December 31, 2016 will include the aforementioned acquired operations.

Based on this assessment, using the criteria above, management concluded that the Company's system of internal control over financial reporting was effective as of December 31, 2015.

The independent registered public accounting firm of Ernst & Young LLP, as auditors of the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended) occurred during the fourth quarter of the one-year period covered by this report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

The Board of Directors and Shareholders of Welltower Inc.

We have audited Welltower Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria, 2013 framework). Welltower Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of certain acquisitions, which are included in the 2015 consolidated financial statements of Welltower Inc. and aggregate to 4% of total assets at December 31, 2015 and less than 1% of revenues and net operating income for the year then ended. Our audit of the internal control over financial reporting of Welltower Inc. also did not include an evaluation of the internal control over financial reporting of the aforementioned acquisitions.

In our opinion, Welltower Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Welltower Inc. as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015 of Welltower Inc. and our report dated February 18, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Toledo, Ohio
February 18, 2016

Item 9B. Other Information

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required by this Item is incorporated herein by reference to the information under the headings “Election of Directors,” “Corporate Governance,” “Executive Officers,” and “Security Ownership of Directors and Management and Certain Beneficial Owners — Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement, which will be filed with the Securities and Exchange Commission (the “Commission”) prior to April 29, 2016.

We have adopted a Code of Business Conduct & Ethics that applies to our directors, officers and employees. The code is posted on the Internet at www.welltower.com/#investors/governance. Any amendment to, or waivers from, the code that relate to any officer or director of the Company will be promptly disclosed on the Internet at www.welltower.com.

In addition, the Board has adopted charters for the Audit, Compensation and Nominating/Corporate Governance Committees. These charters are posted on the Internet at www.welltower.com/#investors/governance.

The information on our website is not incorporated by reference in this Annual Report on Form 10-K, and our web address is included as an inactive textual reference only.

Item 11. *Executive Compensation*

The information required by this Item is incorporated herein by reference to the information under the headings “Executive Compensation” and “Director Compensation” in our definitive proxy statement, which will be filed with the Commission prior to April 29, 2016.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this Item is incorporated herein by reference to the information under the headings “Security Ownership of Directors and Management and Certain Beneficial Owners” and “Equity Compensation Plan Information” in our definitive proxy statement, which will be filed with the Commission prior to April 29, 2016.

Item 13. *Certain Relationships and Related Transactions and Director Independence*

The information required by this Item is incorporated herein by reference to the information under the headings “Corporate Governance — Independence and Meetings” and “Security Ownership of Directors and Management and Certain Beneficial Owners — Certain Relationships and Related Transactions” in our definitive proxy statement, which will be filed with the Commission prior to April 29, 2016.

Item 14. *Principal Accounting Fees and Services*

The information required by this Item is incorporated herein by reference to the information under the heading “Ratification of the Appointment of the Independent Registered Public Accounting Firm” in our definitive proxy statement, which will be filed with the Commission prior to April 29, 2016.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. *Our Consolidated Financial Statements are included in Part II, Item 8:*

<u>Report</u> of Independent Registered Public Accounting Firm	73
Consolidated Balance Sheets – December 31, 2015 and 2014	74
Consolidated Statements of Comprehensive Income — Years ended December 31, 2015, 2014 and 2013	75
Consolidated Statements of Equity — Years ended December 31, 2015, 2014 and 2013	77
Consolidated Statements of Cash Flows — Years ended December 31, 2015, 2014 and 2013	78
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2. *The following Financial Statement Schedules are included in Item 15(c):*

- III – Real Estate and Accumulated Depreciation
- IV – Mortgage Loans on Real Estate

The financial statement schedule required by Item15(a) (Schedule II, Valuation and Qualifying Accounts) is included in Item 8 of this Annual Report on Form 10-K.

3. *Exhibit Index:*

The information required by this item is set forth on the Exhibit Index that follows the Financial Statement Schedules to this Annual Report on Form 10-K.

(b) *Exhibits:*

The exhibits listed on the Exhibit Index are either filed with this Form 10-K or incorporated by reference in accordance with Rule 12b-32 of the Securities Exchange Act of 1934.

(c) *Financial Statement Schedules:*

Financial statement schedules are included beginning on page 112.

SIGNATURES

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

Date: February 18, 2016

WELLTOWER INC.

By: /s/ Thomas J. DeRosa
Thomas J. DeRosa,
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 18, 2016 by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ Jeffrey H. Donahue **
Jeffrey H. Donahue, Chairman of the Board

/s/ Sergio D. Rivera **
Sergio D. Rivera, Director

/s/ Kenneth J. Bacon **
Kenneth J. Bacon, Director

/s/ R. Scott Trumbull **
R. Scott Trumbull, Director

/s/ Fred S. Klipsch **
Fred S. Klipsch, Director

/s/ Thomas J. DeRosa **
Thomas J. DeRosa, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Geoffrey G. Meyers **
Geoffrey G. Meyers, Director

/s/ Scott A. Estes **
Scott A. Estes, Executive Vice President and Chief
Financial Officer (Principal Financial Officer)

/s/ Timothy J. Naughton **
Timothy J. Naughton, Director

/s/ Paul D. Nungester, Jr. **
Paul D. Nungester, Jr., Senior Vice President and
Controller (Principal Accounting Officer)

/s/ Sharon M. Oster **
Sharon M. Oster, Director

****By:** /s/ Thomas J. DeRosa
Thomas J. DeRosa, Attorney-in-Fact

/s/ Judith C. Pelham **
Judith C. Pelham, Director

Wilmington, DE	-	800	9,494	57	800	9,551	1,339	2011	2000	810 S Broom Street
Wilmington, NC	-	210	2,991	-	210	2,991	1,348	1999	1993	3501 Converse Dr.
Wilmington, NC	-	400	15,356	-	400	15,356	502	2014	2013	3828 Independence Blvd
Wilmington, NC	-	610	6,575	587	610	7,162	264	2014	1970	3915 Stedwick Ct
Windsor, CT	-	2,250	8,539	1,843	2,250	10,382	1,462	2011	1997	One Emerson Drive
Windsor, CT	-	1,800	600	944	1,800	1,544	320	2011	2006	One Emerson Drive
Winston-Salem, NC	-	360	2,514	459	360	2,973	1,062	2003	1999	2980 Reynolda Rd.
Winter Garden, FL	-	1,350	7,937	-	1,350	7,937	672	2012	2015	720 Roper Road
Winter Haven, FL	-	710	10,038	236	710	10,274	422	2014	2000	650 North Lake Howard Drive
Witherwack, UKC	-	1,128	8,265	-	1,128	8,265	530	2013	1900	Whitchurch Road
Wolverhampton, UKG	-	1,880	7,982	-	1,880	7,982	516	2013	2001	378 Prestonwood Road
Worcester, MA	-	3,500	54,099	-	3,500	54,099	8,690	2007	2009	101 Barry Road
Worcester, MA	-	2,300	9,060	-	2,300	9,060	1,854	2008	1980	378 Plantation St.
Wyncote, PA	-	2,700	22,244	148	2,700	22,392	3,006	2011	1900	1245 Church Road
Wyncote, PA	-	1,610	21,256	214	1,610	21,470	2,751	2011	1900	8100 Washington Lane
Wyncote, PA	-	900	7,811	32	900	7,843	1,047	2011	1900	240 Barker Road
York, UKE	-	3,539	9,880	-	3,539	9,880	290	2014	1995	Rosetta Way, Boroughbridge Road
Youngsville, NC	-	380	10,689	-	380	10,689	340	2014	1991	100 Sunset Drive
Zionsville, IN	-	1,610	22,400	1,691	1,610	24,091	3,265	2010	1982	11755 N Michigan Rd
Triple-net total	\$	554,014	\$ 1,003,748	\$ 10,800,837	\$ 600,549	\$ 1,032,860	\$ 11,372,276	\$ 1,539,032		

St. John's, NL	6,129	685	13,466	-	685	13,466	275	2015	2009	64 Portugal Cove Road
Stittsville, ON	4,791	1,175	17,397	-	1,175	17,397	2,206	2013	2001	1340 - 1354 Main Street
Stockport, UKD	-	5,222	29,674	-	5,222	29,674	4,999	2013	2007	1 Dairyground Road
Studio City, CA	-	4,006	25,307	561	4,040	25,835	4,246	2013	2001	4610 Coldwater Canyon Avenue
Sugar Land, TX	-	960	31,423	1,340	960	32,763	6,449	2011	2006	1221 Seventh St
Sun City, FL	21,693	6,521	48,476	-	6,521	48,476	644	2015	2001	231 Courtyards
Sun City, FL	24,442	5,040	50,923	-	5,040	50,923	610	2015	2001	1311 Aston Gardens Court
Sun City West, AZ	12,257	1,250	21,778	927	1,250	22,705	2,947	2012	1994	13810 West Sandridge Drive
Sunnyvale, CA	-	5,420	41,682	889	5,420	42,571	6,651	2012	1997	1039 East El Camino Real
Surrey, BC	7,128	3,605	18,818	-	3,605	18,818	4,276	2013	2012	16028 83rd Avenue
Surrey, BC	16,373	4,552	22,338	-	4,552	22,338	5,435	2013	1996	15501 16th Avenue
Suwanee, GA	-	1,560	11,538	604	1,560	12,142	2,103	2012	1988	4315 Johns Creek Parkway
Sway, UKJ	-	4,955	18,437	-	4,955	18,437	1,099	2014	1964	Sway Place
Swift Current, SK	2,343	492	10,119	-	492	10,119	1,513	2013	1981	301 Macoun Drive
Tacoma, WA	18,405	2,400	35,053	211	2,446	35,219	5,282	2011	1971	7290 Rosemount Circle
Tacoma, WA	-	1,535	6,068	-	1,535	6,068	599	2015	1990	7290 Rosemount Circle
Tampa, FL	69,330	4,910	114,148	-	4,910	114,148	1,144	2015	1997	12951 W Linebaugh Avenue
The Woodlands, TX	-	480	12,379	284	480	12,663	2,274	2011	1999	7950 Bay Branch Dr
Toledo, OH	-	2,040	47,129	2,716	2,144	49,741	10,566	2010	1998	3501 Executive Parkway
Toronto, ON	8,882	2,927	20,713	-	2,927	20,713	800	2015	1900	54 Foxbar Road
Toronto, ON	9,874	5,082	25,493	-	5,082	25,493	1,640	2015	2014	645 Castlefield Avenue
Toronto, ON	13,234	1,976	20,034	-	1,976	20,034	1,238	2015	1973	4251 Dundas Street West
Toronto, ON	20,785	5,132	41,657	-	5,132	41,657	2,494	2015	1996	10 William Morgan Drive
Toronto, ON	5,723	2,480	7,571	-	2,480	7,571	650	2015	2007	123 Spadina Road
Toronto, ON	1,499	1,079	5,364	-	1,079	5,364	739	2013	2014	25 Centennial Park Road
Toronto, ON	8,428	2,513	19,695	-	2,513	19,695	2,074	2013	2015	305 Balliol Street
Toronto, ON	18,600	3,400	32,757	-	3,400	32,757	5,095	2013	2005	1055 and 1057 Don Mills Road
Toronto, ON	1,120	1,361	2,915	-	1,361	2,915	844	2013	1987	3705 Bathurst Street
Toronto, ON	1,816	1,447	3,918	-	1,447	3,918	763	2013	2006	1340 York Mills Road
Toronto, ON	32,781	5,304	53,488	-	5,304	53,488	11,343	2013	1974	8 The Donway East
Trumbull, CT	24,245	2,850	37,685	1,229	2,927	38,837	8,103	2011	1975	2750 Reservoir Avenue
Tucson, AZ	4,615	830	6,179	3,497	830	9,676	1,113	2012	2006	5660 N. Kolb Road
Tulsa, OK	-	1,330	21,285	1,781	1,350	23,046	4,545	2010	1998	8887 South Lewis Ave
Tulsa, OK	-	1,500	20,861	1,550	1,551	22,360	4,840	2010	1999	9524 East 71st St
Tustin, CA	-	840	15,299	484	840	15,783	2,515	2011	1989	240 East 3rd St
Upland, CA	-	3,160	42,596	-	3,160	42,596	1,459	2015	1985	2419 North Euclid Avenue
Upper St Claire, PA	-	1,102	13,455	486	1,102	13,941	2,404	2013	2013	500 Village Drive
Vancouver, BC	15,361	24,122	42,675	-	24,122	42,675	2,776	2015	1988	2803 West 41st Avenue
Vankleek Hill, ON	1,077	389	2,960	-	389	2,960	573	2013	1962	48 Wall Street
Vaudreuil, QC	8,279	1,779	14,803	-	1,779	14,803	149	2015	1990	333 rue Querbes
Venice, FL	64,425	6,820	100,501	-	6,820	100,501	1,071	2015	2012	1000 Aston Gardens Drive
Victoria, BC	-	2,674	14,218	-	2,674	14,218	2,914	2012	1999	2638 Ross Lane
Victoria, BC	7,533	2,856	18,038	-	2,856	18,038	3,203	2013	1969	3000 Shelbourne Street
Victoria, BC	6,945	3,681	15,774	-	3,681	15,774	2,895	2013	1974	3051 Shelbourne Street
Victoria, BC	7,788	2,476	15,379	-	2,476	15,379	849	2015	2011	3965 Shelbourne Street
Virginia Water, UKJ	-	7,106	29,937	5,261	6,475	35,829	5,458	2012	1990	Christ Church Road
Walnut Creek, CA	-	3,700	12,467	1,108	3,763	13,512	2,649	2013	2000	2175 Ygnacio Valley Road
Waltham, MA	-	2,462	40,062	-	2,462	40,062	2,372	2015	1990	126 Smith Street
Warwick, RI	15,681	2,400	24,635	1,270	2,407	25,898	6,310	2011	2008	75 Minnesota Avenue
Washington, DC	32,108	4,000	69,154	739	4,000	69,893	9,085	2013	1889	5111 Connecticut Avenue NW
Waterbury, CT	24,305	2,460	39,547	1,954	2,495	41,465	11,430	2011	2000	180 Scott Road
Wayland, MA	-	1,207	27,462	982	1,307	28,344	3,901	2013	2013	285 Commonwealth Road
Welland, ON	6,662	954	8,971	-	954	8,971	201	2015	1998	110 First Street
Wellesley, MA	-	4,690	77,462	-	4,690	77,462	2,684	2015	1997	23 & 27 Washington Street
West Babylon, NY	-	3,960	47,085	549	3,960	47,634	5,641	2013	1970	580 Montauk Highway
West Bloomfield, MI	-	1,040	12,300	453	1,060	12,733	1,776	2013	2004	7005 Pontiac Trail
West Hills, CA	-	2,600	7,521	444	2,600	7,965	1,819	2013	2011	9012 Topanga Canyon Road
West Vancouver, BC	19,137	7,059	28,155	-	7,059	28,155	4,598	2013	1900	2095 Marine Drive
Westbourne, UKK	-	6,504	49,217	-	6,504	49,217	6,843	2013	1900	16-18 Poole Road
Westford, MA	-	1,440	32,607	-	1,440	32,607	1,117	2015	1960	108 Littleton Road
Weston, MA	-	1,160	6,200	534	1,160	6,734	767	2013	1900	135 North Avenue
Weybridge, UKJ	-	9,422	57,457	-	9,422	57,457	9,805	2013	2012	Ellesmere Road
Weymouth, UKK	-	3,097	19,712	-	3,097	19,712	767	2014	1900	Cross Road
White Oak, MD	-	2,304	24,768	998	2,316	25,754	3,085	2013	1994	11621 New Hampshire Avenue
Wilbraham, MA	10,976	660	17,639	715	668	18,345	3,368	2011	2010	2387 Boston Road
Wilmington, DE	-	1,040	23,338	464	1,040	23,802	3,256	2013	2008	2215 Shipley Street
Winchester, UKJ	-	7,182	35,044	-	7,182	35,044	5,526	2012	2006	Stockbridge Road
Winnipeg, MB	13,274	1,960	38,612	-	1,960	38,612	8,716	2013	2005	857 Wilkes Avenue
Winnipeg, MB	7,809	1,276	21,732	-	1,276	21,732	3,156	2013	2000	3161 Grant Avenue
Winnipeg, MB	8,310	1,317	15,609	-	1,317	15,609	965	2015	1998	125 Portsmouth Boulevard
Wolverhampton, UKG	-	3,510	10,409	-	3,510	10,409	2,422	2013	1996	73 Wergs Road
Woodbridge, CT	-	1,370	14,219	849	1,391	15,047	4,196	2011	1963	21 Bradley Road
Woodland Hills, CA	-	3,400	20,478	678	3,406	21,150	3,381	2013	2007	20461 Ventura Boulevard
Worcester, MA	13,751	1,140	21,664	784	1,156	22,431	4,109	2011	2014	340 May Street
Yarmouth, ME	17,128	450	27,711	798	470	28,489	4,848	2011	1900	27 Forest Falls Drive
Yonkers, NY	-	3,962	50,107	907	3,967	51,009	6,551	2013	1991	65 Crisfield Street
Yorkton, SK	3,389	467	8,765	-	466	8,763	1,283	2013	1900	94 Russell Drive

Seniors housing operating total \$ 2,290,552 \$ 972,005 \$ 10,569,105 \$ 446,629 \$ 994,865 \$ 10,992,868 \$ 1,463,201

Sherman Oaks, CA	-	-	32,186	1,902	3,121	30,967	2,097	2014	1989	4955 Van Nuys Boulevard
Somerville, NJ	-	3,400	22,244	2	3,400	22,246	4,125	2008	2007	30 Rehill Avenue
Southlake, TX	11,680	592	18,243	149	592	18,392	2,896	2012	2004	1545 East Southlake Boulevard
Southlake, TX	17,800	698	30,549	1,709	698	32,258	4,276	2012	2004	1545 East Southlake Boulevard
Southlake, TX	-	3,000	-	-	3,000	-	-	2014	2013	Central Avenue
Springfield, IL	5,273	-	-	11,919	1,569	10,350	66	2010	1989	1100 East Lincolnshire Blvd
Springfield, IL	1,650	-	-	3,696	177	3,519	23	2010	1988	2801 Mathers Rd
St Paul, MN	-	49	37,695	283	49	37,978	1,465	2014	1969	225 Smith Avenue N.
St. Louis, MO	-	336	17,247	1,119	336	18,366	5,550	2007	2001	2325 Dougherty Rd.
St. Paul, MN	24,781	2,706	39,507	13	2,704	39,523	7,500	2011	2007	435 Phalen Boulevard
Suffern, NY	-	653	37,255	130	696	37,342	6,695	2011	2007	255 Lafayette Avenue
Suffolk, VA	-	1,566	11,511	25	1,566	11,537	3,326	2010	2007	5838 Harbour View Blvd.
Sugar Land, TX	8,305	3,543	15,532	-	3,543	15,532	2,643	2012	2013	11555 University Boulevard
Summit, WI	-	2,899	87,666	-	2,899	87,666	22,984	2008	2009	36500 Aurora Dr.
Tacoma, WA	-	-	64,307	-	-	64,307	8,481	2011	2013	1608 South J Street
Tallahassee, FL	-	-	17,449	-	-	17,449	3,575	2010	2011	One Healing Place
Tampa, FL	-	4,318	12,228	-	4,318	12,222	1,672	2011	2003	14547 Bruce B Downs Blvd
Temple, TX	-	2,900	9,954	26	2,900	9,980	870	2011	2012	2601 Thornton Lane
Tucson, AZ	-	1,302	4,925	847	1,325	5,749	2,170	2008	1995	2055 W. Hospital Dr.
Tustin, CA	-	3,345	2,171	-	3,345	2,171	328	2015	1950	14591 Newport Ave
Tustin, CA	-	3,361	12,039	-	3,361	12,039	200	2015	1989	14642 Newport Ave
Van Nuys, CA	-	-	36,187	-	-	36,187	6,561	2009	1991	6815 Noble Ave.
Voorhees, NJ	-	6,404	24,251	1,471	6,477	25,649	7,515	2006	1997	900 Centennial Blvd.
Voorhees, NJ	-	6	96,075	77	6	96,152	13,977	2010	2012	200 Bowman Drive
Wellington, FL	-	107	16,933	2,587	302	19,325	4,967	2006	2000	10115 Forest Hill Blvd.
Wellington, FL	-	388	13,697	925	388	14,622	3,832	2007	2003	1395 State Rd. 7
West Allis, WI	3,190	1,106	3,309	-	1,106	3,309	938	2010	1961	11333 W. National Ave.
West Seneca, NY	-	917	22,435	2,623	1,665	24,310	7,547	2007	1990	550 Orchard Park Rd
Zephyrhills, FL	-	3,875	27,270	-	3,875	27,270	4,063	2011	1974	38135 Market Square Dr

Outpatient medical total: \$ 627,689 \$ 490,437 \$ 4,274,941 \$ 278,333 \$ 535,720 \$ 4,507,983 \$ 794,063

Assets held for sale:

Akron, OH	\$	-	\$	300	\$	20,200	\$	-	\$	-	2009	2008	200 E. Market St.
Amelia Island, FL	-	-	-	3,290	-	24,310	-	-	-	-	2005	1998	48 Osprey Village Dr.
Austin, TX	-	-	-	730	-	18,970	-	-	-	-	2007	2006	3200 W. Slaughter Lane
Baytown, TX	-	-	-	450	-	6,150	-	-	-	-	2002	2000	3921 N. Main St.
Baytown, TX	-	-	-	540	-	11,110	-	-	-	-	2009	2008	2000 West Baker Lane
Bellaire, TX	-	-	-	4,551	-	46,105	-	-	-	-	2006	2005	5410 W. Loop S.
Bellaire, TX	-	-	-	2,972	-	33,445	-	-	-	-	2006	2005	5420 W. Loop S.
Bellevue, WI	-	-	-	1,740	-	18,260	-	-	-	-	2006	2004	1660 Hoffman Rd.
Bellingham, MA	-	-	-	9,270	-	-	-	-	2,156	-	2007	2015	Maple Street and High Street
Bridgeton, MO	-	-	-	-	-	30,221	-	-	-	-	2011	2011	12380 DePaul Drive
Brookline, MA	-	-	-	2,760	-	9,217	-	-	-	-	2011	1984	30 Webster Street
Columbus, OH	-	-	-	-	-	-	6,710	-	6,710	-	2012	2013	750 Mt. Carmel Mall
Coral Springs, FL	-	-	-	1,598	-	10,627	-	-	9,246	-	2006	1992	1725 N. University Dr.
Corpus Christi, TX	-	-	-	400	-	1,916	-	-	-	-	2005	1985	1101 S. Alameda
DeForest, WI	-	-	-	250	-	5,350	-	-	-	-	2007	2006	6902 Parkside Circle
Denton, TX	-	-	-	-	-	19,407	-	-	-	-	2007	2005	2900 North I-35
Denver, CO	-	-	-	2,530	-	9,514	-	-	-	-	2005	1986	3701 W. Radcliffe Ave.
Fayetteville, GA	-	-	-	959	-	7,540	-	-	6,733	-	2006	1999	1275 Hwy. 54 W.
Frisco, TX	-	-	-	130	-	16,445	-	-	-	-	2012	2010	2990 Legacy Drive
Germentown, TN	-	-	-	3,049	-	12,456	-	-	12,202	-	2006	2002	1325 Wolf Park Drive
Grand Blanc, MI	-	-	-	700	-	7,843	-	-	-	-	2011	2012	5400 East Baldwin
Greenfield, WI	-	-	-	600	-	6,626	-	-	-	-	2006	2006	3933 S. Prairie Hill Lane
Greenville, SC	-	-	-	5,400	-	100,523	-	-	-	-	2006	2009	10 Fountainview Terrace
Hattiesburg, MS	-	-	-	450	-	15,518	-	-	14,089	-	2010	2012	217 Methodist Hospital Blvd
Hermitage, TN	-	-	-	1,500	-	9,856	-	-	10,213	-	2011	1983	4131 Andrew Jackson Parkway
Houston, TX	-	-	-	860	-	18,715	-	-	-	-	2007	2006	8702 South Course Drive
Houston, TX	-	-	-	630	-	5,970	-	-	-	-	2002	1995	3625 Green Crest Dr.
Kenosha, WI	-	-	-	1,500	-	9,139	-	-	-	-	2007	2009	6300 67th Street
Lapeer, MI	-	-	-	220	-	7,625	-	-	-	-	2011	2012	2323 Demille Road
McHenry, IL	-	-	-	3,550	-	15,300	-	-	-	-	2006	2004	3300 Charles Miller Rd.
Melbourne, FL	-	-	-	2,540	-	21,319	-	-	-	-	2010	2012	3260 N Harbor City Blvd
Memphis, TN	-	-	-	390	-	9,660	-	-	-	-	2010	1981	141 N. McLean Blvd.
Merrillville, IN	-	-	-	1,080	-	3,413	-	-	-	-	2010	2011	300 W. 89th Ave.
Merrillville, IN	-	-	-	643	-	7,084	-	-	-	-	1999	1999	101 W. 87th Ave.
Millersville, MD	-	-	-	680	-	1,020	-	-	680	-	2011	2000	899 Cecil Avenue
Morrow, GA	-	-	-	818	-	8,064	-	-	5,913	-	2007	1990	6635 Lake Drive
Mount Airy, NC	-	-	-	270	-	6,430	-	-	-	-	2005	1998	1000 Ridgecrest Lane
Murrieta, CA	-	-	-	8,800	-	202,412	-	-	-	-	2008	2010	28062 Baxter Road
Myrtle Beach, SC	-	-	-	6,890	-	41,526	-	-	-	-	2007	2009	101 Brightwater Dr.
Neeah, WI	-	-	-	630	-	15,120	-	-	-	-	2010	1991	131 E. North Water St.
Orange Village, OH	-	-	-	610	-	7,419	-	-	6,096	-	2007	1985	3755 Orange Place
Oshkosh, WI	-	-	-	900	-	3,800	-	-	-	-	2006	2005	711 Bayshore Drive
Oshkosh, WI	-	-	-	400	-	23,237	-	-	-	-	2007	2008	631 Hazel Street
Overland Park, KS	-	-	-	1,120	-	8,360	-	-	-	-	2005	1970	7541 Switzer St.
Panama City Beach, FL	-	-	-	900	-	7,717	-	-	7,716	-	2011	1996	6012 Magnolia Beach Road
Pasadena, TX	-	-	-	720	-	24,080	-	-	-	-	2007	2005	3434 Watters Rd.
Pawleys Island, SC	-	-	-	2,020	-	32,590	-	-	-	-	2005	1997	120 Lakes at Litchfield Dr.
Saint Simons Island, GA	-	-	-	6,440	-	50,060	-	-	-	-	2008	2007	136 Marsh's Edge Lane
San Antonio, TX	-	-	-	560	-	7,315	-	-	-	-	2002	2000	5437 Eisenhour Rd.
San Antonio, TX	-	-	-	640	-	13,360	-	-	-	-	2007	2004	8503 Mystic Park
Scituate, MA	-	-	-	1,740	-	10,640	-	-	-	-	2005	1976	309 Driftway
Sheboygan, WI	-	-	-	80	-	5,320	-	-	-	-	2006	2006	4221 Kadlec Dr.
Silver Spring, MD	-	-	-	1,150	-	9,252	-	-	-	-	2012	1968	12325 New Hampshire
Spartanburg, SC	-	-	-	3,350	-	15,750	-	-	-	-	2005	1997	110 Summit Hills Dr.
St. Louis, MO	-	-	-	1,890	-	12,165	-	-	12,472	-	2010	1999	6543 Chippewa St
Tampa, FL	-	-	-	-	-	-	17,685	-	17,685	-	2012	1984	3000 Medical Park Drive
Thomasville, GA	-	-	-	530	-	13,899	-	-	13,193	-	2011	1987	423 Covington Avenue
Tucson, AZ	-	-	-	930	-	13,399	-	-	-	-	2005	1985	6211 N. La Cholla Blvd.
Virginia Beach, VA	-	-	-	-	-	-	16,555	-	16,555	-	2011	2007	828 Healthy Way
Waukesha, WI	-	-	-	1,100	-	14,910	-	-	-	-	2008	2009	3217 Fiddlers Creek Dr
Webster, TX	-	-	-	360	-	5,940	-	-	-	-	2002	2000	17231 Mill Forest
West Palm Beach, FL	-	-	-	628	-	14,740	-	-	10,762	-	2006	1993	5325 Greenwood Ave.
West Palm Beach, FL	-	-	-	610	-	14,618	-	-	10,575	-	2006	1991	927 45th St.
Westerville, OH	-	-	-	-	-	-	6,954	-	6,954	-	2012	2010	444 N Cleveland Avenue
Winston-Salem, NC	\$	-	\$	5,700	\$	13,550	\$	-	\$	-	2005	1997	2101 Homestead Hills
Assets held for sale total	\$	-	\$	106,048	\$	1,136,527	\$	47,904	\$	169,950	-	-	-

Summary:														
Triple-net	\$	554,014	\$	1,003,748	\$	10,800,837	\$	600,549	\$	1,032,860	\$	11,372,276	\$	1,539,033
Seniors housing operating		2,290,552		972,005		10,569,105		446,629		994,865		10,992,868		1,463,201
Outpatient medical		627,689		490,437		4,274,941		278,333		535,720		4,507,983		794,063
Construction in progress		-		-		258,968		-		-		258,968		-
Total continuing operating properties		3,472,255		2,466,190		25,903,851		1,325,511		2,563,445		27,132,095		3,796,297
Assets held for sale		-		106,048		1,136,527		47,904		-		169,950		-
Total investments in real property owned	\$	3,472,255	\$	2,572,238	\$	27,040,378	\$	1,373,415	\$	2,563,445	\$	27,302,045	\$	3,796,297

(1) Please see Note 2 to our consolidated financial statements for information regarding lives used for depreciation and amortization.

(2) Represents real property asset associated with a capital lease.

	Year Ended December 31,		
	2015	2014	2013
(in thousands)			
Reconciliation of real property:			
Investment in real estate:			
Balance at beginning of year	\$ 25,491,935	\$ 23,734,733	\$ 18,082,399
Additions:			
Acquisitions	3,364,891	2,210,600	3,597,955
Improvements	445,625	380,298	408,844
Assumed other items, net	389,256	160,897	772,972
Assumed debt	1,064,810	265,152	1,340,939
Total additions	5,264,582	3,016,947	6,120,710
Deductions:			
Cost of real estate sold	(449,932)	(916,997)	(498,564)
Reclassification of accumulated depreciation and amortization for assets held for sale	(41,464)	(64,476)	(3,730)
Impairment of assets	(2,220)	-	-
Total deductions	(493,616)	(981,473)	(502,294)
Foreign currency translation	(397,411)	(278,272)	33,918
Balance at end of year ⁽¹⁾	\$ 29,865,490	\$ 25,491,935	\$ 23,734,733
Accumulated depreciation:			
Balance at beginning of year	\$ 3,020,908	\$ 2,386,658	\$ 1,555,055
Additions:			
Depreciation and amortization expenses	826,240	844,130	873,960
Amortization of above market leases	11,912	7,935	7,831
Total additions	838,152	852,065	881,791
Deductions:			
Sale of properties	(69,735)	(123,582)	(49,625)
Reclassification of accumulated depreciation and amortization for assets held for sale	(41,464)	(64,476)	(3,730)
Total deductions	(111,199)	(188,058)	(53,355)
Foreign currency translation	48,436	(29,757)	3,167
Balance at end of year	\$ 3,796,297	\$ 3,020,908	\$ 2,386,658

(1) The aggregate cost for tax purposes for real property equals \$19,159,762,000, \$21,621,760,000, and \$20,260,297,000 at December 31, 2015, 2014 and 2013, respectively.

Welltower Inc.
Schedule IV - Mortgage Loans on Real Estate
December 31, 2015

(in thousands)

Location	Segment	Interest Rate	Final Maturity Date	Monthly Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Delinquent Principal or Interest
First mortgages relating to 1 property located in:								
California	Outpatient Medical	6.08%	12/22/17	\$ 309,681	\$ -	\$ 65,000	\$ 60,902	\$ -
United Kingdom	Triple-Net	7.00%	04/19/18	127,412	-	21,382	21,382	-
United Kingdom	Triple-Net	7.00%	11/21/18	121,437	-	20,497	20,497	-
Massachusetts	Triple-Net	7.86%	12/31/16	35,434	-	21,000	5,316	-
United Kingdom	Triple-Net	7.00%	12/31/19	55,858	-	27,133	9,737	-
United Kingdom	Triple-Net	8.25%	06/11/19	14,973	-	15,262	2,216	-
United Kingdom	Triple-Net	8.00%	07/31/19	4,737	-	22,119	1,629	-
United Kingdom	Triple-Net	8.50%	05/01/16	39,496	-	9,721	6,429	-
United Kingdom	Triple-Net	7.54%	07/31/15	9,437	-	3,097	1,474	-
Oklahoma	Triple-Net	8.42%	10/28/19	59,007	-	11,610	8,719	-
Oregon	Triple-Net	7.10%	05/01/16	1,357	-	225	225	-
Pennsylvania	Triple-Net	7.10%	03/01/16	1,479	-	250	250	-
Texas	Triple-Net	8.00%	02/28/21	53,507	-	7,875	7,875	-
First mortgage relating to multiple properties:								
Four properties in the United Kingdom Triple-Net 7.50% 11/30/19 \$ 85,135 \$ - \$ 13,742 \$ 13,409 \$ -								
49 properties in seven states Triple-Net 9.75% 02/28/17 2,589,041 - 360,000 305,833 -								
15 properties in eight states Triple-Net 8.00% 11/30/17 440,877 - 171,090 134,100 -								
Second mortgages relating to 1 property located in:								
Connecticut	Triple-Net	8.11%	04/01/18	\$ 39,658	\$ 16,009	\$ 5,961	\$ 5,961	\$ -
Texas	Triple-Net	12.17%	05/01/19	31,009	11,489	3,100	3,100	-
Florida	Triple-Net	12.17%	07/01/18	27,008	9,283	2,700	2,700	-
Florida	Triple-Net	12.17%	11/01/18	27,008	11,654	2,700	2,700	-
Indiana	Triple-Net	10.50%	04/01/19	25,264	11,211	2,887	2,887	-
Indiana	Triple-Net	10.50%	04/01/19	17,320	8,202	1,979	1,979	-
Kansas	Triple-Net	10.50%	09/19/19	15,403	1,228	1,760	1,760	-
Texas	Triple-Net	10.50%	11/01/19	17,123	-	1,957	1,957	-
Second mortgage relating to multiple properties:								
Five properties in three states Triple-Net 10.00% 12/30/18 \$ 212,329 \$ 51,467 \$ 25,000 \$ 12,455 \$ -								
Totals					\$ 120,543	\$ 818,047	\$ 635,492	\$ -

	Year Ended December 31,		
	2015	2014	2013
(in thousands)			
Reconciliation of mortgage loans:			
Balance at beginning of year	\$ 188,651	\$ 146,987	\$ 87,955
Additions:			
New mortgage loans	524,088	113,996	68,530
Draws on existing loans	30,550	26,330	-
Total additions	554,638	140,326	68,530
Deductions:			
Collections of principal	(80,552)	(49,974)	(8,790)
Conversions to real property	(23,288)	(45,836)	-
Charge-offs	-	-	(2,110)
Total deductions	(103,840)	(95,810)	(10,900)
Change in balance due to foreign currency translation	(3,957)	(2,852)	1,402
Balance at end of year	\$ 635,492	\$ 188,651	\$ 146,987

EXHIBIT INDEX

- 1.1(a) Form of Equity Distribution Agreement, dated as of November 12, 2010, entered into by and between the Company and each of UBS Securities LLC, RBS Securities Inc., KeyBanc Capital Markets Inc. and Credit Agricole Securities (USA) Inc. (filed with the Commission as Exhibit 1.1 to the Company's Form 8-K filed November 15, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 1.1(b) Form of Amendment No. 1, dated September 1, 2011, to the Equity Distribution Agreements entered into by and between the Company and each of UBS Securities LLC, RBS Securities Inc., KeyBanc Capital Markets Inc. and Credit Agricole Securities (USA) Inc. (filed with the Commission as Exhibit 1.1 to the Company's Form 8-K filed September 8, 2011 (File No. 001-08923), and incorporated herein by reference thereto).
- 1.1(c) 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 Commission as Exhibit 1.3 to the Company's Form 8-K filed August 5, 2015 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(a) Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 10-K filed March 20, 2000 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(b) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 10-K filed March 20, 2000 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(c) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed June 13, 2003 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(d) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.9 to the Company's Form 10-Q filed August 9, 2007 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(e) Certificate of Change of Location of Registered Office and of Registered Agent of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 10-Q filed August 6, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(f) Certificate of Designation of 6.50% Series I Cumulative Convertible Perpetual Preferred Stock of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed March 7, 2011 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(g) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed May 10, 2011 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(h) Certificate of Designation of 6.50% Series J Cumulative Redeemable Preferred Stock of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed March 8, 2012 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.1(i) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed May 6, 2014 (File No. 001-08923), and incorporated herein by reference thereto).

- 3.1(j) Certificate of Amendment of Second Restated Certificate of Incorporation of the Company (filed with the Commission as Exhibit 3.1 to the Company's Form 8-K filed September 30, 2015 (File No. 001-08923), and incorporated herein by reference thereto).
- 3.2 Fifth Amended and Restated By-Laws of the Company (filed with the Commission as Exhibit 3.2 to the Company's Form 10-Q filed October 30, 2015 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(a) Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed September 9, 2002 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(b) Supplemental Indenture No. 1, dated as of September 6, 2002, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed September 9, 2002 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(c) Amendment No. 1, dated March 12, 2003, to Supplemental Indenture No. 1, dated as of September 6, 2002, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed March 14, 2003 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(d) Supplemental Indenture No. 2, dated as of September 10, 2003, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed September 24, 2003 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(e) Amendment No. 1, dated September 16, 2003, to Supplemental Indenture No. 2, dated as of September 10, 2003, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.4 to the Company's Form 8-K filed September 24, 2003 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(f) Supplemental Indenture No. 3, dated as of October 29, 2003, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and Fifth Third Bank (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed October 30, 2003 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(g) Amendment No. 1, dated September 13, 2004, to Supplemental Indenture No. 3, dated as of October 29, 2003, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and The Bank of New York Trust Company, N.A., as successor to Fifth Third Bank (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed September 13, 2004 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(h) Supplemental Indenture No. 4, dated as of April 27, 2005, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and The Bank of New York Trust Company, N.A. (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed April 28, 2005 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.1(i) Supplemental Indenture No. 5, dated as of November 30, 2005, to Indenture for Senior Debt Securities, dated as of September 6, 2002, between the Company and The Bank of New York Trust Company, N.A. (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed November 30, 2005 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(a) Indenture, dated as of March 15, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.1 to the Company's Form 8-K filed March 15, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(b) Supplemental Indenture No. 1, dated as of March 15, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed March 15, 2010 (File No. 001-08923), and incorporated herein by reference thereto).

- 4.2(c) Amendment No. 1 to Supplemental Indenture No. 1, dated as of June 18, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.3 to the Company's Form 8-K filed June 18, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(d) Supplemental Indenture No. 2, dated as of April 7, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed April 7, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(e) Amendment No. 1 to Supplemental Indenture No. 2, dated as of June 8, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.3 to the Company's Form 8-K filed June 8, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(f) Supplemental Indenture No. 3, dated as of September 10, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed September 13, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(g) Supplemental Indenture No. 4, dated as of November 16, 2010, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed November 16, 2010 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(h) Supplemental Indenture No. 5, dated as of March 14, 2011, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed March 14, 2011 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(i) Supplemental Indenture No. 6, dated as of April 3, 2012, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed April 4, 2012 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(j) Supplemental Indenture No. 7, dated as of December 6, 2012, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed December 11, 2012 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(k) Supplemental Indenture No. 8, dated as of October 7, 2013, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed October 9, 2013 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(l) Supplemental Indenture No. 9, dated as of November 20, 2013, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed November 20, 2013 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(m) Supplemental Indenture No. 10, dated as of November 25, 2014, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed November 25, 2014 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(n) Supplemental Indenture No. 11, dated as of May 26, 2015, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.2 to the Company's Form 8-K filed May 27, 2015 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.2(o) Amendment No. 1 to Supplemental Indenture No. 11, dated as of October 19, 2015, between the Company and The Bank of New York Mellon Trust Company, N.A. (filed with the Commission as Exhibit 4.3 to the Company's Form 8-K filed October 20, 2015 (File No. 001-08923), and incorporated herein by reference thereto).
- 4.3 Form of Indenture for Senior Subordinated Debt Securities (filed with the Commission as Exhibit 4.9 to the Company's Form S-3 (File No. 333-73936) filed November 21, 2001, and incorporated herein by reference thereto).

- 4.4 Form of Indenture for Junior Subordinated Debt Securities (filed with the Commission as Exhibit 4.10 to the Company's Form S-3 (File No. 333-73936) filed November 21, 2001, and incorporated herein by reference thereto).
- 4.5(a) Indenture, dated as of November 25, 2015, by and among HCN Canadian Holdings-1 LP, the Company and BNY Trust Company of Canada.
- 4.5(b) First Supplemental Indenture, dated as of November 25, 2015, by and among HCN Canadian Holdings-1 LP, the Company and BNY Trust Company of Canada.
- 10.1 Credit Agreement dated as of July 25, 2014 by and among the Company; the lenders listed therein; KeyBank National Association, as administrative agent, L/C issuer and a swingline lender; Bank of America, N.A. and JPMorgan Chase Bank, N.A., as co-syndication agents; Deutsche Bank Securities Inc., as documentation agent; Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc. and Deutsche Bank Securities Inc., as U.S. joint lead arrangers; Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and RBC Capital Markets, as Canadian joint lead arrangers; and Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as joint book runners (filed with the Commission as Exhibit 10.1 to the Company's Form 8-K filed July 31, 2014 (File No. 001-08923), and incorporated herein by reference thereto).
- 10.2 Equity Purchase Agreement, dated as of February 28, 2011, by and among the Company, FC-GEN Investment, LLC and FC-GEN Operations Investment, LLC (filed with the Commission as Exhibit 10.1 to the Company's Form 8-K filed February 28, 2011 (File No. 001-08923), and incorporated herein by reference thereto).
- 10.3(a) Amended and Restated Health Care REIT, Inc. 2005 Long-Term Incentive Plan (filed with the Commission as Appendix A to the Company's Proxy Statement for the 2009 Annual Meeting of Stockholders, filed March 25, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(b) Form of Stock Option Agreement (with Dividend Equivalent Rights) for the Chief Executive Officer under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.18 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(c) Form of Amendment to Stock Option Agreements (with Dividend Equivalent Rights) for the Chief Executive Officer under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.6 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(d) Form of Stock Option Agreement (with Dividend Equivalent Rights) for the Chief Executive Officer under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.8 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(e) Form of Stock Option Agreement (with Dividend Equivalent Rights) for Executive Officers under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.19 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(f) Form of Amendment to Stock Option Agreements (with Dividend Equivalent Rights) for Executive Officers under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.7 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(g) Form of Stock Option Agreement (with Dividend Equivalent Rights) for Executive Officers under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.9 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(h) Form of Stock Option Agreement (without Dividend Equivalent Rights) for the Chief Executive Officer under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.20 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*

- 10.3(i) Form of Stock Option Agreement (without Dividend Equivalent Rights) for the Chief Executive Officer under the Amended and Restated 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.1 to the Company's Form 10-Q filed May 10, 2010 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(j) Form of Stock Option Agreement (without Dividend Equivalent Rights) for Executive Officers under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.21 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(k) Form of Stock Option Agreement (without Dividend Equivalent Rights) for Executive Officers under the Amended and Restated 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.2 to the Company's Form 10-Q filed May 10, 2010 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(l) Form of Restricted Stock Agreement for the Chief Executive Officer under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.22 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(m) Form of Restricted Stock Agreement for Executive Officers under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.23 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(n) Form of Restricted Stock Agreement for the Chief Executive Officer under the Amended and Restated 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.3 to the Company's Form 10-Q filed May 10, 2010 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(o) Form of Restricted Stock Agreement for Executive Officers under the Amended and Restated 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.4 to the Company's Form 10-Q filed May 10, 2010 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(p) Form of Deferred Stock Unit Grant Agreement for Non-Employee Directors under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.24 to the Company's Form 10-K filed March 10, 2006 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(q) Form of Amendment to Deferred Stock Unit Grant Agreements for Non-Employee Directors under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.10 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(r) Form of Deferred Stock Unit Grant Agreement for Non-Employee Directors under the 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.11 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.3(s) Form of Deferred Stock Unit Grant Agreement for Non-Employee Directors under the Amended and Restated 2005 Long-Term Incentive Plan (filed with the Commission as Exhibit 10.5 to the Company's Form 10-Q filed May 10, 2010 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.4 Retirement and Consulting Agreement, dated April 13, 2014, between the Company and George L. Chapman (filed with the Commission as Exhibit 10.1 to the Company's Form 10-Q filed May 8, 2014 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.5(a) Amended and Restated Employment Agreement, dated December 28, 2014, between the Company and Thomas J. DeRosa.*
- 10.5(b) Performance-Based Restricted Stock Unit Grant Agreement, dated effective as of July 30, 2014, between the Company and Thomas J. DeRosa (filed with the Commission as Exhibit 10.2 to the Company's Form 10-Q filed November 4, 2014 (File No. 001-08923), and incorporated herein by reference thereto).*

- 10.6 Second Amended and Restated Employment Agreement, dated December 29, 2008, between the Company and Scott A. Estes (filed with the Commission as Exhibit 10.4 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.7(a) Executive Retirement Agreement, effective July 1, 2015, between the Company and Charles J. Herman, Jr. (filed with the Commission as Exhibit 10.1 to the Company's Form 10-Q filed August 4, 2015 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.7(b) Consulting Agreement, effective July 1, 2015, between the Company and Charles J. Herman, Jr. (filed with the Commission as Exhibit 10.2 to the Company's Form 10-Q filed August 4, 2015 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.8 Amended and Restated Employment Agreement, dated December 29, 2008, between the Company and Jeffrey H. Miller (filed with the Commission as Exhibit 10.8 to the Company's Form 10-K filed March 2, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.9 Employment Agreement, dated March 11, 2013, by and between the Company and Scott M. Brinker (filed with the Commission as Exhibit 10.3 to the Company's Form 10-Q filed May 7, 2013 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.10 Third Amended and Restated Employment Agreement, dated December 29, 2008, between the Company and Erin C. Ibele (filed with the Commission as Exhibit 10.11 to the Company's Form 10-K filed March 2, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.11 Amended and Restated Health Care REIT, Inc. Supplemental Executive Retirement Plan, dated December 29, 2008 (filed with the Commission as Exhibit 10.12 to the Company's Form 8-K filed January 5, 2009 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.12 Form of Indemnification Agreement between the Company and each director, executive officer and officer of the Company (filed with the Commission as Exhibit 10.1 to the Company's Form 8-K filed February 18, 2005 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.13 Summary of Director Compensation (filed with the Commission as Exhibit 10.13 to the Company's Form 10-K filed February 20, 2015 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.14 Health Care REIT, Inc. 2013-2015 Long-Term Incentive Program, as Amended and Restated (filed with the Commission as Exhibit 10.3 to the Company's Form 10-Q filed May 8, 2014 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.15(a) Health Care REIT, Inc. 2015-2017 Long-Term Incentive Program (filed with the Commission as Exhibit 10.3 to the Company's Form 10-Q filed August 4, 2015 (File No. 001-08923), and incorporated herein by reference thereto).*
- 10.15(b) Form of Performance Restricted Stock Unit Award Agreement under the 2015-2017 Long-Term Incentive Program (filed with the Commission as Exhibit 10.4 to the Company's Form 10-Q filed August 4, 2015 (File No. 001-08923), and incorporated herein by reference thereto).*
- 12 Statement Regarding Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends (Unaudited).
- 21 Subsidiaries of the Company.
- 23 Consent of Ernst & Young LLP, independent registered public accounting firm.
- 24 Powers of Attorney.

- 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**

* Management Contract or Compensatory Plan or Arrangement.

** Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2015 and 2014, (ii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013, (iii) the Consolidated Statements of Equity for the years ended December 31, 2015, 2014 and 2013, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013, (v) the Notes to Consolidated Financial Statements, (vi) Schedule III – Real Estate and Accumulated Depreciation and (vii) Schedule IV – Mortgage Loans on Real Estate.

HCN CANADIAN HOLDINGS-1 LP
as Issuer

and

WELLTOWER INC.
as Guarantor

and

BNY TRUST COMPANY OF CANADA
as Trustee

INDENTURE

DATED AS OF NOVEMBER 25, 2015

SENIOR DEBT SECURITIES

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INDENTURE

This Indenture, dated as of November 25, 2015, among HCN Canadian Holdings-1 LP, an Ontario limited partnership (the “**Issuer**”), having its principal offices at 45 O’Connor Street, Suite 1600, Ottawa, Ontario, Canada, K1P 1A4 with a mailing address of 4500 Dorr Street, Toledo, Ohio, United States, 43615, Welltower Inc., a corporation duly organized and existing under the laws of the State of Delaware (the “**Guarantor**” and together with the Issuer, the “**Obligors**”), having its principal offices at One SeaGate, Suite 1500, Toledo, Ohio 43604, and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as trustee (the “**Trustee**”), having its principal offices at 320 Bay Street, 11th Floor, Toronto, Ontario, M5H 4A6.

RECITALS:

The Issuer and the Guarantor have duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Issuer’s unsecured debentures, notes or other evidences of indebtedness (the “**Securities**”), to be issued in one or more series as provided in this Indenture.

The Guarantor indirectly owns all of the issued partnership interests in the capital of the Issuer and has agreed to enter into this Indenture and to provide its Guarantee of the Issuer’s obligation under the Securities; and

The Issuer and the Guarantor have taken all actions necessary to make this Indenture a valid and legally binding agreement of the Issuer and the Guarantor, in accordance with its terms.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant, declare and agree for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE 1 DEFINITIONS AND OTHER GENERAL PROVISIONS

1.01 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America at the Issue Date;
- c) unless otherwise specifically set forth herein, all calculations or determinations of a Person shall be performed or made on a consolidated basis in accordance with generally accepted accounting principles;
- d) unless the context otherwise requires, any reference to an “Article” or a “Section” refers to an Article or a Section, as the case may be, of this Indenture;
- e) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and
- f) all dollar references shall, unless otherwise noted, refer to the lawful currency of Canada.

“**Act**,” when used with respect to any Holder, has the meaning specified in Section 1.05 of this Indenture.

“**Additional Amounts**” means all amounts required to be paid pursuant to Section 5.01(f).

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the

ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Applicable Procedures**” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depository and CDS (if it is not at that time the Depository) that apply to such transfer or exchange.

“**Authenticating Agent**” means any Person authorized by the Trustee pursuant to Section 8.16 of this Indenture to act on behalf of the Trustee to authenticate Securities of one or more series.

“**Authentication Order**” means a written order of the Issuer signed by two officers of the General Partner in its capacity as general partner of the Issuer.

“**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), Title 11 of the United States Code, or any similar federal, provincial or state law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

“**Board**” means either the board of directors of the General Partner of the Issuer or any duly authorized committee of that board.

“**Board Resolution**” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the General Partner in its capacity as general partner of the Issuer to have been duly adopted by the Board and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“**Business Day**,” means any day other than a Saturday or Sunday or a day on which banking institutions in the City of Toronto are required or authorized by law to close.

“**CDS**” means CDS Clearing and Depository Services Inc. together with its successors from time to time.

“**Canadian Government Obligations**” means securities that are (i) direct obligations of the Government of Canada, or obligations of a Person the timely payment of which is unconditionally guaranteed by, the Government of Canada or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the Government of Canada the payment of which is unconditionally guaranteed by the Government of Canada, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof, and also includes a depository receipt issued by a bank or trust company as custodian with respect to any such Canadian Government Obligation or a specific payment of interest on or principal of any such Canadian Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Canadian Government Obligation or the specific payment of interest on or principal of the Canadian Government Obligation evidenced by such depository receipt.

“**Commission**” means the Securities and Exchange Commission, from time to time constituted, created under the *Exchange Act*, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Indenture Legislation, then the body performing such duties at such time.

“**Corporate Trust Office**” means the principal office of the Trustee at which, at any particular time its corporate trust business shall be administered, which is located at 320 Bay Street, 11th Floor, Toronto, Ontario, M5H 4A6, or such other address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee.

“**Covenant Defeasance**” has the meaning specified in Section 15.03 of this Indenture.

“**Deemed Year**” has the meaning specified in Section 1.04 of this Indenture.

“**Default**” means any event that is, or after the giving of notice or the passage of time or both would be, an Event of Default.

“**Defaulted Interest**” has the meaning specified in Section 3.09 of this Indenture.

“**Defeasance**” has the meaning specified in Section 15.02 of this Indenture.

“**Definitive Security**” means a certificated Security registered in the name of the Holder thereof and issued in accordance with Section 3.07, substantially in the form established in one or more indentures supplemental hereto or pursuant to Board Resolutions in accordance with Section 3.01 except that such Security shall not bear the Global Security Legend and shall not have any related schedule of exchanges of interests in the global security attached thereto.

“**Depository**” means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency that is designated to act as Depository for such Securities and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“**EDGAR**” has the meaning specified in Section 9.03 of this Indenture.

“**Electronic Methods**” means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Trustee, the Issuer, or the Guarantor, as the case may be.

“**Event of Default**” has the meaning specified in Section 7.01 of this Indenture.

“**Exchange Act**” means the United States Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

“**Expiration Date**” has the meaning specified in Section 1.05 of this Indenture.

“**General Partner**” means collectively, any Persons serving from time to time as general partner of the Issuer in accordance with the Partnership Agreement, which as of the date hereof is HCN Canadian Holdings GP-1 Ltd.

“**Global Security**” means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 2.04 (or such legend as may be specified as contemplated by Section 3.01 for such Securities).

“**Guarantee**” means any guarantee of the Guarantor of the obligations of the Issuer under any Securities.

“**Guarantor**” means Welltower Inc., a Delaware corporation, and any and all permitted successors thereto.

“**Holder**” means a Person in whose name a Security is registered in the Security Register.

“**Indenture**” means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof. The term “Indenture” shall also include the terms of particular series of Securities established as contemplated by Section 3.01.

“**Indenture Legislation**” means, with respect to a Series, at any time, any applicable statute of Canada or any province thereof, in each case, relating to trust indentures for debt obligations and the rights, duties and obligations of trustees and of corporations issuing or guaranteeing debt obligations under trust indentures, in each case only to the extent that such provisions are at such time in force and applicable to this Indenture, the Issuer, any Guarantor or the Trustee.

“**Indexed Security**” means a Security the terms of which provide that the principal amount thereof payable at maturity may be more or less than the principal face amount thereof at original issuance.

“**Indirect Participant**” means a Person who holds a beneficial interest in a Global Security through a Participant.

“**Interest Payment Date**,” when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

“**Investment Company Act**” means the *Investment Company Act* of 1940 and any statute successor thereto, in each case as amended from time to time.

“**Issue Date**” means the date of initial issuance of the Securities pursuant to this Indenture.

“**Issuer**” means the Person named as the “Issuer” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Issuer” shall mean such successor Person.

“**Issuer Request**” or “**Issuer Order**” means a written request or order signed in the name of the Issuer by an officer of the General Partner and delivered to the Trustee.

“**Maturity**,” when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“**Notice of Default**” means a written notice of the kind specified in Section 7.01 (d) or 7.01 (e).

“**Obligors**” means, collectively, the Issuer and the Guarantor and “**Obligor**” means either of them.

“**Officers’ Certificate**” means a certificate signed by (i) the Chairman of the Board, a Vice Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the President or a Vice President, and (ii) the Chief Financial Officer, the Treasurer, an Assistant Treasurer, the Controller, the Secretary or an Assistant Secretary, of the General Partner, in its capacity as general partner of the Issuer, or of the Guarantor, as applicable, and delivered to the Trustee.

“**Opinion of Counsel**” means a written opinion of counsel, who may be counsel for the Issuer or the Guarantor.

“**Original Issue Discount Security**” means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02.

“**Outstanding**,” when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

- i. Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- ii. Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer) in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- iii. Securities, except to the extent provided in Sections 15.02 and 15.03, with respect to which the Issuer has effected defeasance and/or covenant defeasance as provided in Article 15;
- iv. Securities which have been paid pursuant to Section 12.01 or 6.01 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Issuer;
- v. Lost, stolen or destroyed Securities, when new Securities have been duly and validly issued in substitution for them pursuant to Section 3.08; and
- vi. Securities converted into other securities of the Issuer in accordance with or as contemplated by this Indenture, if the terms of such Securities provide for convertibility as contemplated by Section 13.08;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 7.02, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 3.01, (C) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security as contemplated by Section 2.02, (D) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the Canadian dollar equivalent, determined as of such date in the manner provided as contemplated by Section 3.01, of the principal amount of such Security (or, in the case of a Security described in clause (A), (B), or (C) above, of the amount determined as provided in such clause), and (E) Securities owned by the Issuer or any other obligor upon the Securities or any Affiliate of the Issuer or of such

other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer or any other obligor upon the Securities or any Affiliate of the Issuer or of such other obligor.

"Participant" means, with respect to the Depository, CDS (if it is not at that time the Depository), DTC, Euroclear or Clearstream, a Person who has an account with or is considered a participant of the Depository, CDS (if it is not at that time the Depository), DTC, Euroclear or Clearstream, respectively.

"Partnership Agreement" means the Limited Partnership Agreement of the Issuer dated December 20, 2012, as amended, modified or supplemented from time to time.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of or any premium or interest on any Securities on behalf of the Issuer as specified in Section 3.05.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment," when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 3.01.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.08 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Privacy Laws" has the meaning specified in Section 8.14 of this Indenture.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registrar" has the meanings specified in Section 3.05 of this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 3.01.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the Corporate Trust Department of the Trustee, including any vice president, any assistant treasurer, any trust officer or assistant trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Security Register" means the register maintained in the Corporate Trust Office of the Trustee and in any other office or agency of the Issuer in a Place of Payment.

"Significant Subsidiary" means any subsidiary which is a "significant subsidiary" (as defined in Article I, Rule 1-02 of Regulation S-X, promulgated under the *Securities Act*) of the Issuer.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.11.

“**Stated Maturity**,” when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

“**Subsidiary**” means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Guarantor or by one or more other Subsidiaries, or by the Guarantor and one or more other Subsidiaries. For the purposes of this definition, “voting stock” means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

“**Trustee**” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

1.02 Compliance Certificates and Opinions.

Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officers’ Certificate and an Opinion of Counsel. Each such certificate or opinion shall be given in the form of an Officers’ Certificate, if to be given by an officer of the General Partner in its capacity as general partner of the Issuer, or an Opinion of Counsel, if to be given by counsel, and shall comply with any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for certificates provided for in Section 12.04) shall include:

- 1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- 2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- 3) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- 4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the General Partner in its capacity as general partner of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the General Partner in its capacity as general partner of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Interest Act (Canada).

For any interim period (other than a full semi-annual period), the rate of interest applicable to the Securities will be computed on the basis of a 365-day year. Whenever interest is computed on the basis of a year (the “**Deemed Year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing such product by the number of days in the Deemed Year. The Issuer will provide the interest calculation to the Trustee for any period for any Securities and the Trustee shall be entitled to rely on the calculations of the Issuer.

1.05 Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Obligors. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “**Act**” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section Article 8) conclusive in favor of the Trustee and the Obligors, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him or her the execution thereof. Where such execution is by a signer acting in a capacity other than his or her individual capacity, such certificate or affidavit shall also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

The Issuer may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the Issuer may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 7.02, (iii) any request to institute proceedings referred to in Section 7.07(b) or (iv) any direction referred to in Section 7.12. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Issuer from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Issuer, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.07.

With respect to any record date set pursuant to this Section, the Issuer may designate any day as the “Expiration Date” and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to the Trustee in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 1.07, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the Issuer shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

1.06 Notices, Etc., to Trustee and Issuer.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

1) the Trustee by any Holder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or

2) the Issuer by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Issuer.

1.07 Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his or her address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

1.08 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

1.09 Successors and Assigns.

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

1.10 Severability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

1.11 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Debt, the Holders, any officers, directors, employees and agents of the Trustee, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.12 Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the law of the Province of Ontario, except for Article 5 hereof and the Guarantees. The laws of the State of New York shall govern and be used to construe Article 5 hereof and the Guarantees. In respect of this Indenture and the Securities, except for Article 5 hereof and the Guarantees, each party

submits to the exclusive jurisdiction of any Ontario courts sitting in Toronto in any action, application, reference or other proceeding arising out of or related to this Indenture, as supplemented.

1.13 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

1.14 No Personal Liability of the Issuer or the General Partner.

Other than in respect of such persons providing a Guarantee, no recourse under or upon any obligation, covenant or agreement of this Indenture or any indenture supplemental hereto or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any partner (other than the General Partner), incorporator, stockholder, officer or director, as such, past, present or future, of the Issuer, or of any successor Person, either directly or through the Issuer or any successor Person, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely limited partnership or corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by the partners (other than the General Partner) incorporators, stockholders, officers or directors, as such, of the Issuer, or the General Partner, or of any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such partners (other than the General Partner), incorporator, stockholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

1.15 No Personal Liability of the Guarantor

No recourse under or upon any obligation, covenant or agreement of this Indenture or any indenture supplemental hereto or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Guarantor, or of any successor Person, either directly or through the Guarantor or any successor Person, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by the incorporators, stockholders, officers or directors, as such, of the Guarantor or of any successor Person, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

1.16 Waiver of Jury Trial.

EACH OF THE OBLIGORS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, ANY GUARANTEE OR THE TRANSACTION CONTEMPLATED HEREBY.

1.17 Force Majeure.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall

use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

1.18 Electronic Execution

This document may be executed in counterparts and delivered by Electronic Methods, and, when taken together, each such counterpart shall constitute one and the same agreement.

ARTICLE 2 SECURITY FORMS

2.01 Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depository therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by an authorized officer of the General Partner in its capacity as general partner of the Issuer and delivered to the Trustee at or prior to the delivery of the Issuer Order contemplated by Section 3.03 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

2.02 Form of Face of Security.

The form of face of Security shall be in substantially the following form:

[Insert any legend required by the *Income Tax Act (Canada)* and the regulations thereunder.]

No. _____ \$ _____

HCN Canadian Holdings-1 LP, a limited partnership duly organized and existing under the laws of Ontario (herein called the “**Issuer**,” which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ dollars on _____ [if the Security is to bear interest prior to Maturity, insert the following – , and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on _____ and _____ in each year, commencing _____, at the rate of _____ % per annum, until the principal hereof is paid or made available for payment [If applicable, insert the following – , provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of _____ % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the _____ or _____ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert the following – The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of _____ % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. Any such interest

on overdue principal or premium which is not paid on demand shall bear interest at the rate of ____% per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the office or agency of the Issuer maintained for that purpose in _____, in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Issuer payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Security, or because of any indebtedness evidenced hereby or thereby, shall be had against any promoter, as such, or against any past, present or future shareholder, officer or director, as such, of the General Partner, in its capacity as general partner of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Security by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed under its corporate seal.

Dated: 1

HCN Canadian Holdings-1 LP, by its general partner HCN Canadian Holdings GP-1 Ltd.

Per:

Name:

Title:

[Attest: _____]

Title: _____]

2.03 Form of Reverse of Security.

The form of reverse of Security shall be in substantially the following form:

This Security is one of a duly authorized issue of securities of the Issuer (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of _____, 20__ (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), among the Issuer, the Guarantor and BNY Trust Company of Canada, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Guarantor, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [if applicable, insert the following – , limited in aggregate principal amount to \$_____].

[If applicable, insert the following – The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert the following – (1) on _____ in any year commencing with the year _____ and ending with the year _____ through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [if applicable, insert the following – on or after _____], as a whole or in part, at the election of the Issuer, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [if

applicable, insert the following – on or before _____, _____%, and if redeemed] during the 12-month period beginning _____ of the years indicated,

<u>Year</u>	<u>Redemption Price</u>	<u>Year</u>	<u>Redemption Price</u>
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and thereafter at a Redemption Price equal to _____% of the principal amount, together in the case of any such redemption [if applicable, insert the following – (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert the following – The Securities of this series are subject to redemption upon not less than 30 days’ notice by mail, (1) on _____ in any year commencing with the year _____ and ending with the year _____ through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [if applicable, insert the following – on or after _____], as a whole or in part, at the election of the Issuer, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning _____ of the years indicated,

<u>Year</u>	<u>Redemption Price for Redemption Through Operation of the Sinking Fund</u>	<u>Redemption Price for Redemption Otherwise than Through Operation of the Sinking Fund</u>
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and thereafter at a Redemption Price equal to 1% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert the following – Notwithstanding the foregoing, the Issuer may not, prior to _____, redeem any Securities of this series as contemplated by [if applicable, insert the following – clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Issuer (calculated in accordance with generally accepted financial practice) of less than _____% per annum.]

[If applicable, insert the following – The sinking fund for this series provides for the redemption on _____ in each year beginning with the year _____ and ending with the year _____ of [if applicable, insert the following – not less than \$ _____ (“mandatory sinking fund”) and not more than] \$ _____ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Issuer otherwise than through [if applicable, insert the following – mandatory] sinking fund payments may be credited against subsequent [if applicable, insert the following – mandatory] sinking fund payments otherwise required to be made [if applicable, insert the following – , in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert the following – In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert the following – The Indenture contains provisions for defeasance at any time of [the entire indebtedness of this Security] [or] [certain restrictive covenants and Events of Default with respect to this Security] [, in each case] upon compliance with certain conditions set forth in the Indenture.]

[If the Security is not an Original Issue Discount Security, insert the following – If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert the following – If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to – insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Issuer's obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Obligors and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Obligors and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Obligors with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than a majority in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

[If applicable, insert the following – The Securities of this series are issuable only in registered form without coupons in denominations of \$1 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.]

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

REGISTRATION PANEL

(No writing hereon except by the Trustee)

Date of Registry	In Whose Name Registered	Signature of Trustee
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NOTATION OF PARTIAL REDEMPTIONS

(No writing hereon except by the Trustee)

Date \ Amount Redeemed \ Balance of Principal Amount Unpaid	\ Signature of Trustee
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2.04 Form of Legend for Global Securities.

Unless otherwise specified as contemplated by Section 3.01 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any Person other than such Depository or a nominee thereof, except in the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of, transfer of, in exchange for, or in lieu of, this Security shall be a Global Security subject to the foregoing, except in the limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

2.05 Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA,

As Trustee

Per:

Name: Authorized Signatory

Title:

Dated: _____

ARTICLE 3 THE SECURITIES

3.01 Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be issued, authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 3.03, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

- a) the title of the Securities of the series, including "CUSIP" numbers (which shall distinguish the Securities of the series from Securities of any other series);
- b) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.04, 3.07, 3.08, or 13.04 and except for any Securities which, pursuant to Section 3.03, are deemed never to have been authenticated and delivered hereunder);
- c) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;
- d) the date or dates on which the principal of any Securities of the series is payable;
- e) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable, the Regular Record Date for any such interest payable on any Interest Payment Date (which such Regular Record Date must be at least three Business Days prior to such Interest Payment Date), and the basis upon which interest shall be calculated if other than that of a 365-day year;
- f) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;
- g) the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Issuer and, if other than by a Board Resolution, the manner in which any election by the Issuer to redeem the Securities shall be evidenced;

- h) the obligation, if any, of the Issuer to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;
- i) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;
- j) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;
- k) if other than the currency of Canada, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of Canada for any purpose, including for purposes of the definition of “Outstanding” in Section 1.01;
- l) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Issuer or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);
- m) if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 7.02;
- n) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);
- o) if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 15.02 or Section 15.03 or both such Sections and, if other than by a Board Resolution, the manner in which any election by the Issuer to defease such Securities shall be evidenced;
- p) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 2.04 and any circumstances in addition to or in lieu of those set forth in Section 3.07 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depository for such Global Security or a nominee thereof;
- q) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 7.02;
- r) any addition to or change in the covenants set forth in Article 12 which applies to Securities of the series;
- s) if applicable, that the Securities of the series are convertible into or exchangeable for other securities of the Issuer, the period or periods within which, the price or prices at which and the terms and conditions upon which, and the limitations and restrictions, if any, upon which, any Securities of the series shall be convertible or exchangeable, in whole or in part, into other securities of the Issuer; and
- t) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 11.01(f)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 3.03) set forth, or determined in the manner provided, in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by an authorized officer of the General Partner in its capacity as general partner of the Issuer and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

3.02 Denominations.

The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 3.01. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of \$1,000 and any integral multiple thereof.

3.03 Execution, Authentication, Delivery and Dating.

The Securities shall be executed by an officer of the General Partner in its capacity as general partner of the Issuer and may, but need not, have corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the General Partner of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securities of any series executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Issuer Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 2.01 and 3.01, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be provided with, and (subject to Section Article 8) shall be fully protected in relying upon, an Opinion of Counsel stating:

- a) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 2.01, that such form has been established in conformity with the provisions of this Indenture;
- b) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 3.01, that such terms have been established in conformity with the provisions of this Indenture; and
- c) that such Securities, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Obligors enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Security to the Trustee for cancellation as provided in Section 3.11, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

3.04 Temporary Securities.

Pending the preparation of definitive Securities of any series, the Issuer may execute, and upon Issuer Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Issuer will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Issuer in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

3.05 Securities Registrar and Paying Agent.

The Issuer will maintain in each Place of Payment for Securities of any series an office or agency where such Securities may be presented for registration of transfer, exchange, conversion, redemption or as may be otherwise contemplated by this Indenture (the “**Registrar**”) and an office or agency where such Securities may be presented for payment (the “**Paying Agent**”). The Registrar will keep a register of the Securities of that series and of their transfer and exchange. The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar. Where the Trustee is the Registrar and another Registrar is appointed by the Issuer, the Trustee shall provide a list of Holders certified as of the date the list is provided to the new Registrar. Where the Trustee is not the Registrar, if and when the Trustee is required to take any action on behalf of or instruction from a Holder, the Trustee shall be entitled to rely upon the most recent certified list of Holders provided by the Registrar.

Upon the Paying Agent’s reasonable request therefor, the Issuer will (a) provide the Paying Agent with any information in its possession or (b) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Holders pursuant to this Indenture, unless the Issuer is prohibited from doing so by law or an obligation of confidentiality by which the Issuer is bound.

The Issuer initially appoints CDS to act as Depositary with respect to the Global Securities.

The Issuer initially appoints the Trustee to act as the Registrar and Paying Agent with respect to the Global Securities.

If the Trustee is not the Paying Agent, then the Paying Agent shall confirm payment of any principal or interest to the Trustee in writing on the date of such payment.

If the Trustee is not the Registrar, the Trustee shall receive written and electronic confirmation from the Registrar of any conversions, transfers, exchanges, redemptions (partial or full) as soon as practicable, but not later than 2 Business Days after the change has occurred.

3.06 Paying Agent to Hold Money in Trust.

The Issuer will require each Paying Agent for Securities of a series other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or additional amounts, if any, or interest on the Securities of that series, and will notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a subsidiary of the Issuer) will have no further liability for the money. If the Issuer or a subsidiary of the Issuer acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuer, the Trustee will serve as Paying Agent for the Securities.

3.07 Transfer and Exchange.

- a) Transfer and Exchange of Global Securities. A Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Securities will be exchanged by the Issuer for Definitive Securities if:
- i. the Issuer delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository for such Global Securities or that it is no longer eligible as a clearing agency under applicable securities laws and, in either case, a successor Depository is not appointed by the Issuer within 120 days after the date of such notice from the Depository; or
 - ii. the Issuer in its sole discretion determines that the Global Securities (in whole but not in part) should be exchanged for Definitive Securities and deliver a written notice to such effect to the Trustee.

Upon the occurrence of either of the preceding events in subparagraph i or ii above, the Trustee shall, through the Depository, notify all holders of beneficial interests in such Global Securities and Definitive Securities shall be issued in such names as the Depository shall instruct the Trustee, provided the Depository has the ability to provide such notice. Global Securities also may be exchanged or replaced, in whole or in part, as provided in Sections 3.08 and 3.04. Every Security authenticated and delivered in exchange for, or in lieu of, a Global Security or any portion thereof, pursuant to this Section 3.07 or Sections 3.08 or 3.04 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Security. A Global Security may not be exchanged for another Security other than as provided in this Section 3.07(a), however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 3.07(b).

- b) Transfer and Exchange of Beneficial Interests in the Global Securities. The transfer and exchange of beneficial interests in the Global Securities will be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures.
- c) Transfer or Exchange of Beneficial Interests for Definitive Securities.
- i. If any holder of a beneficial interest in a Global Security is entitled to exchange such beneficial interest for a Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Security of the same series and of like tenor and principal amount of authorized form and denomination, then, upon satisfaction of the conditions set forth in 3.07(c)(ii), the Trustee will cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 3.07(d), and the Issuer will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Security in the appropriate principal amount. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 3.07(c) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depository and the Participant or Indirect Participant. The Trustee will deliver such Definitive Securities to the Persons in whose names such Securities are so registered.
 - ii. In connection with all transfers and exchanges of beneficial interests pursuant to Section 3.07(c), the transferor of such beneficial interest must deliver to the Registrar either:
 - (A) both:
 - (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged; and
 - (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or
 - (B) both:
 - (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be

issued a Definitive Security in an amount equal to the beneficial interest to be transferred or exchanged; and

(2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Security shall be registered to effect the transfer or exchange referred to in (1) above.

Notwithstanding the foregoing, where the Trustee is the Registrar, the Trustee shall only accept transfer instructions from the Holder appearing on the Register.

- iii. No transfer shall be effective unless made on the Security Register by the Trustee as instructed in writing by the registered Holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, upon compliance with such requirements as the Trustee may prescribe.
 - iv. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Indenture and the Securities, the Trustee shall adjust the principal amount of the relevant Global Security(s) pursuant to Section 3.07(d).
- d) Cancellation and/or Adjustment of Global Securities. At such time as all beneficial interests in a particular Global Security have been exchanged for Definitive Securities or a particular Global Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security will be returned to or retained and canceled by the Trustee in accordance with Section 3.11. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Securities represented by such Global Security will be reduced accordingly and an endorsement will be made on such Global Security by the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security will be increased accordingly and an endorsement will be made on such Global Security by the Trustee to reflect such increase.
- e) General Provisions Relating to Transfers and Exchanges.
- i. To permit registrations of transfers and exchanges, the Issuer will execute and the Trustee, or an Authenticating Agent acting on the Trustee's behalf, will authenticate Global Securities and Definitive Securities upon receipt of an Authentication Order or at the Registrar's request.
 - ii. No service charge will be made to a Holder of a Global Security or to a Holder of a Definitive Security for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Section 3.04, Section 13.08, and Section 11.05 hereof). The Registrar will not be required to register the transfer of or exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.
 - iii. All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities will be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.
 - iv. The Issuer will not be required:
 - (A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of any selection of Securities for redemption under Section 13.04 hereof and ending at the close of business on the day of selection;
 - (B) to register the transfer of or to exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part;

- (C) to register the transfer of or to exchange a Security between a Record Date and the next succeeding Interest Payment Date; or
 - (D) to register the transfer of any Security which has been surrendered for repayment at option of Holder, except the portion, if any, of such Security not to be so repaid.
- v. Prior to due presentment for the registration of a transfer of any Security, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Securities and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.
 - vi. The Trustee will authenticate Global Securities and Definitive Securities in accordance with the provisions of Section 3.01 hereof.
 - vii. All orders and instructions required to be submitted to the Registrar or the Issuer pursuant to this Section 3.07 to effect a registration of transfer or exchange may be submitted by facsimile or other electronic means. Notwithstanding the foregoing, where the Trustee is the Registrar, transfers and exchanges must comply with the then current policies of the Trustee and the Securities Transfer Association of Canada. The Trustee acting as Registrar shall not act upon facsimile or other electronic means of order or instruction unless electronic instructions are provided through the Depository system.

3.08 Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange thereof a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Issuer and the Trustee (a) evidence to their satisfaction of the destruction, loss or theft of any Security and (b) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Security has been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

3.09 Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 3.01 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

By 10:00 a.m. (Toronto time) on the Interest Payment Date, the Issuer will deposit with the Trustee or with the Paying Agent money in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities are payable sufficient to pay the interest which is payable.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called “**Defaulted Interest**”) shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer at its election in each case, as provided in clause a) below:

- a) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 1.07, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).
- b) The Issuer may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

3.10 Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.09) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

3.11 Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee or at the direction of the Trustee, the Registrar or Paying Agent. The Issuer may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Issuer has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in its customary manner.

3.12 CUSIP Numbers.

The Issuer in issuing the Securities may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such

redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE 4 MEETINGS OF HOLDERS

4.01 Right to Convene Meeting

The Trustee may at any time and from time to time and shall on receipt of a written request of the Issuer or a written request signed by the Holders of not less than 25% in principal amount of the Securities then outstanding (or not less than 25% in principal amount of the Securities of a particular series then outstanding in the case of a "serial meeting" pursuant to Section 4.17) and upon being funded and indemnified to its reasonable satisfaction by the Issuer or by the Holders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the applicable Holders. In the event of the Trustee failing within 15 days after receipt of any such request and such funding and indemnity to give notice convening a meeting, the Issuer or such Holders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Trustee.

4.02 Notice of Meetings

At least 15 Business Days' notice of any meeting shall be given to the applicable Holders in the manner provided in Section 1.07 and a copy thereof shall be sent to the Trustee unless the meeting has been called by it and to the Issuer unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 4. Such notice shall also be accompanied by a copy of any regulations made by the Trustee under Section 4.09 in respect of such meeting.

4.03 Chairman

The chairman of the meeting shall be any individual, who need not be a Holder, nominated in writing by the Trustee and if no individual is so nominated, or if the person so nominated is unable or unwilling to act or is not present within 15 minutes from the time fixed for the holding of the meeting, the Holders present in person or by proxy shall choose some individual present to be chairman.

4.04 Quorum

At any meeting of the Holders a quorum shall consist of Holders present in person or by proxy and representing at least 50% in principal amount of the outstanding Securities (or at least 50% in principal amount of the outstanding Securities of a particular series in the case of a "serial meeting" pursuant to Section 4.17). If a quorum of the Holders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Holders or pursuant to a request of the Holders, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Holders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 50% of the principal amount of the outstanding Securities or outstanding Securities of a particular series, as applicable.

4.05 Power to Adjourn

The chairman of any meeting at which a quorum of the applicable Holders is present may with the consent of the holders of a majority in principal amount of the applicable Securities represented thereat adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

4.06 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on extraordinary resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

4.07 Poll

On every extraordinary resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Holders and/or proxies for Holders holding at least 5% of the principal amount of the Securities represented thereat, a poll shall be taken in such manner, and either at once or after an adjournment, as the chairman shall direct. Questions other than extraordinary resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Securities represented at the meeting and voted on the poll.

4.08 Voting

On a show of hands, every person who is present and entitled to vote, whether as a Holder or as proxy for one or more Holders or both, shall have one vote. On a poll, each Holder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each Cdn\$1,000 of principal amount of Securities then held by such Holder. A proxy need not be a Holder. In the case of joint Holders of a Security, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others; but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Securities of which they are joint holders.

4.09 Regulations

- a) Subject to the Trustee having sent a copy of any proposed regulations to all applicable Holders with the notice of meeting given pursuant to Section 4.02, the Trustee or the Issuer (with the approval of the Trustee) may from time to time make and vary such regulations as it shall from time to time think fit providing for and governing:
 - i. the voting by proxy by Holders and form of instrument appointing proxies where authorized under such regulations and the manner in which the same shall be executed, and for the production of the authority of any person signing on behalf of the giver of such proxy;
 - ii. the deposit of instruments appointing proxies at such place as the Trustee, the Issuer or the Holders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited;
 - iii. the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or sent by facsimile before the meeting to the Issuer or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and
 - iv. such other matters as may be specified in any Supplemental Indenture in respect of any series of Securities.
- b) Any regulation so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Securities, or as entitled to vote or be present at the meeting in respect thereof shall be Holders to which the meeting relates and persons whom Holders have by instrument in writing duly appointed as their proxies.

4.10 Issuer, Guarantor and Trustee May Be Represented

The Issuer and any Guarantor, and their respective employees, representatives, officers, board members and directors, and the legal and other professional advisors of the Issuer and any Guarantor, may attend any meeting of the Holders but shall have no vote thereat as such. The Trustee, and its respective employees, representatives, officers and directors, and the legal and other professional advisors of the Trustee, may attend any meeting of the Holders but shall have no vote thereat as such.

4.11 Powers Exercisable by Extraordinary Resolution

- a) In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Holders shall have the powers to approve by extraordinary resolution the matters contemplated by Section 11.02 (other than those matters in Section 11.02 that require the specific consent of each Holder affected thereby) and any other matter in any other provision of this Indenture in respect of which consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding (or the consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding of a particular series) is required.

- b) For greater certainty and notwithstanding any other provision hereof, no amendment, supplement or waiver of this Indenture, whether by extraordinary resolution or otherwise, and no Supplemental Indenture entered into pursuant to the terms hereof; which has the effect of increasing the financial or other liability of the Issuer or any Guarantor hereunder, including increases to the principal amount of Securities issued, the amount of the premium payable thereon, the rate of interest payable thereon, the calculation of the Redemption Price, or the timing of payments of any of the foregoing, shall be binding on the Issuer or any such Guarantor unless agreed to in writing by the Issuer and the Guarantor, as applicable.

4.12 Meaning of “Extraordinary Resolution”

The expression “extraordinary resolution” when used in this Indenture means a resolution proposed to be passed as an extraordinary resolution at a meeting of Holders duly convened for the purpose and held in accordance with the provisions of this Article 4 at which a quorum is present and such resolution is passed by the favourable votes of the holders of at least 50% of the principal amount of the Outstanding Securities (or Holders holding at least 50% of the principal amount of the Securities of a particular series then outstanding in the case of a “serial meeting” pursuant to Section 4.17).

4.13 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers and/or any combination of the powers in this Indenture stated to be exercisable by Holders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of Holders to exercise the same or any other such power or combination of powers thereafter from time to time.

4.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Issuer, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the applicable Holders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had thereat, to have been duly passed and had.

4.15 Instruments in Writing

- a) All actions which may be taken and all powers that may be exercised by extraordinary resolution or other resolution of applicable Holders at a meeting held as hereinbefore in this Article 4 provided may also be taken and exercised by the holders of not less than 50% of the principal amount of all outstanding Securities or not less than 50% of the principal amount of all outstanding Securities of a particular series, as applicable, by an instrument in writing signed in one or more counterparts and the expression “extraordinary resolution” when used in this Indenture shall include an instrument so signed.
- b) All actions which may be taken and all powers that may be exercised by any resolution (other than an extraordinary resolution) of Holders at a meeting held as provided in this Indenture or as required in respect of any consent of Holders to be provided hereunder may also be taken and exercised by the Holders of the applicable percentage of the principal amount of all outstanding Securities (or Securities of an applicable series) by an instrument in writing signed in one or more counterparts.

4.16 Binding Effect of Resolutions

Every extraordinary resolution passed in accordance with the provisions of this Article 4 shall be binding upon all the Holders (or in the case of an extraordinary resolution passed in respect of a particular series only, all the Holders of that series), and each and every such Holder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such extraordinary resolution.

4.17 Serial Meetings

If any business to be transacted at a meeting of Holders, or any action to be taken or powers to be exercised by instrument in writing under Section 4.15, is to be taken in respect of or especially affects the rights of the holders of the Securities of one or more series in a manner or to an extent differing from that in which it affects the rights of the holders of Securities of any other series then:

- a) reference to such fact, indicating each series involved or affected shall be made in the notice of such meeting and the meeting shall be and is herein called a “serial meeting”; and
- b) the holders of Securities of a series involved or so especially affected shall not be bound by any action taken at a serial meeting under Section 4.15 unless, in addition to the other provisions of this Article 4, there are present in person or by proxy at the said meeting holders of at least 50% in principal amount of the outstanding Securities of the series involved or so especially affected, subject to the provisions of this Article 4 as to adjourned meetings, and the resolution is passed by the favourable votes of the holders of at least a majority of the principal amount of Securities of the series involved or so especially affected.
- c) the holders of Securities of a series involved or so especially affected shall not be bound by any action taken by any instrument in writing under Section 4.15 unless in addition to the other provisions of this Article 4, the resolution is agreed to by at least a majority of the principal amount of Securities of the series involved or so especially affected.

ARTICLE 5 GUARANTEES

5.01 Applicability of Article; Guarantee.

- a) If the Issuer elects to issue any series of Securities with the benefit of Guarantees, then the provisions of this Article 5 (with such modifications thereto as may be specified pursuant to Section 3.01 with respect to any series of Securities), will be applicable to such Securities. Each reference in this Article 5 to a “Security” or “the Securities” refers to the Securities of the particular series as to which provision has been made for such Guarantees. If more than one series of Securities as to which such provision has been made are Outstanding at any time, the provisions of this Article 5 shall be applied separately to each such series.
 - b) Subject to this Article 5, the Guarantor fully and unconditionally guarantees to each Holder of a Security of any series issued with the benefit of Guarantees authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, such Security or the obligations of the Issuer hereunder or thereunder, that:
 - i. the principal of, premium and Additional Amounts, if any, and interest on such Security will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on such Security, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and
 - ii. in case of any extension of time of payment or renewal of any Securities of that series or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.
- Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantor will be obligated to pay the same immediately. The Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.
- c) The Guarantor hereby agrees that its obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Securities of any series issued with the benefit of Guarantees or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities of that series with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor, other than payment in full of all obligations under the Securities of that series. The Guarantor in respect of a series of Securities hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer in respect of that series, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in such Securities and this Indenture.
 - d) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantor or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantor, any amount paid by either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

- e) The Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. The Guarantor further agrees that, as between the Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 7 hereof for the purposes of its Guarantee notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 7 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantor for the purpose of its Guarantee.
- f) Any and all payments made by Welltower Inc. as a Guarantor pursuant to the provisions of a Guarantee shall be made without withholding of or deduction for, or on account of, any present or future tax, assessment or governmental charge unless required by applicable law, provided that, in the case of any payment made by Welltower Inc. in its capacity as Guarantor to a Holder of a Security who is a not a United States Person (as defined below), if any amount is so withheld or deducted for or on account of any tax, assessment or governmental charge imposed by or on behalf of the United States (or any political subdivision or taxing authority thereof or therein), Welltower Inc. will pay such Additional Amounts to such Holder as will result (after the deduction or withholding of such tax, assessment or governmental charge) in the payment to such Holder of the amounts that would otherwise have been payable pursuant to such Guarantee; provided, however, the foregoing obligation will not apply to and Welltower Inc. will not be required to make any payment of Additional Amounts in respect of the following:
- i. any tax, assessment or other governmental charge that would not have been imposed but for the Holder, or a fiduciary, settlor, beneficiary, member or shareholder of the Holder if the Holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary Holder, being considered as:
 - (A) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States or having or having had a qualified business unit which has the United States dollar as its functional currency;
 - (B) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes, the receipt of any payment or the enforcement of any rights thereunder) or being considered as having such relationship, including being or having been a citizen or resident of the United States;
 - (C) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a foreign personal holding company that has accumulated earnings to avoid United States federal income tax;
 - (D) being or having been a “10-percent shareholder” of the Guarantor as defined in Section 871(h)(3) of the United States *Internal Revenue Code* of 1986, as amended (the “**Code**”), or any successor provision; or
 - (E) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
 - ii. any Holder that is not the sole beneficial owner of the Securities, or a portion of the Securities, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
 - iii. any tax, assessment or other governmental charge that would not have been imposed but for the failure of the Holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
 - iv. any tax, assessment or other governmental charge that is imposed otherwise than by withholding by the Guarantor or a Paying Agent from the payment;
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- v. any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- vi. any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- vii. any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;
- viii. any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the Holder of any Security, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- ix. any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code and related Treasury regulations and pronouncements (the Foreign Account Tax Compliance Act (“**FATCA**”)) or any successor provisions and any regulations or official law, agreement or interpretations thereof or any regulations implementing an intergovernmental approach thereto, including Part XVIII of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, and any related Canadian legislation which functions to adapt FATCA for the purpose of Canadian law; or
- x. any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) and (ix).

For these purposes: (i) the term “United States Person” means any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia, including an entity treated as a corporation for United States income tax purposes, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source; and (ii) the term “United States” means the United States of America (including the states and the District of Columbia and any political subdivision thereof).

5.02 Limitation on Guarantor Liability.

The Guarantor, and by its acceptance of Securities of any series issued with the benefit of Guarantees, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of the Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the *Uniform Fraudulent Conveyance Act*, the *Uniform Fraudulent Transfer Act* or any similar federal, provincial or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantor hereby irrevocably agree that the obligations of the Guarantor will, after giving effect to any maximum amount and all other contingent and fixed liabilities of the Guarantor that are relevant under such laws, result in the obligations of the Guarantor under its Guarantee not constituting a fraudulent transfer or conveyance.

5.03 Execution and Delivery of Guarantee.

To evidence its Guarantee set forth in 5.01 in respect of Securities of a series issued with the benefit of Guarantees, the Guarantor hereby agrees that a notation of such Guarantee substantially in the form as shall be established in one or more indentures supplemental hereto or approved from time to time pursuant to Board Resolutions in accordance with Section 3.01, will be endorsed by an officer of the Guarantor on each Security of that series authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of the Guarantor by one of its officers.

The Guarantor hereby agrees that its Guarantee set forth in 5.01 will remain in full force and effect notwithstanding any failure to endorse on each Security of that series a notation of such Guarantee.

If an officer whose signature is on this Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Security of that series on which a Guarantee is endorsed, such Guarantee will be valid nevertheless.

The delivery of any Security of a series issued with the benefit of Guarantees by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantor.

ARTICLE 6 SATISFACTION AND DISCHARGE

6.01 Satisfaction and Discharge of Indenture.

This Indenture and any related Guarantee shall upon Issuer Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for and other rights and remedies referenced herein), and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

- a) either
 - i. all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.08 and (B) Securities for whose payment money or in respect of which Canadian Government Obligations have theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 12.03) have been delivered to the Trustee for cancellation; or
 - ii. all such Securities not theretofore delivered to the Trustee for cancellation
 - (A) have become due and payable, or
 - (B) will become due and payable at their Stated Maturity within one year, or
 - (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer,and the Issuer, in the case of (A), (B) or (C) above, has deposited or caused to be deposited with the Trustee an amount of money and Canadian Government Obligations sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;
- b) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and
- c) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 8.07, the obligations of the Trustee to any Authenticating Agent under Section 8.16 and, if money shall have been deposited with the Trustee pursuant to subclause (ii) of clause a) of this Section, the obligations of the Trustee under Section 6.02 and the last paragraph of Section 12.03 shall survive such satisfaction and discharge.

6.02 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 12.03, all money and Canadian Government Obligations deposited with the Trustee pursuant to Section 6.01 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money and Canadian Government Obligations has been deposited with the Trustee.

ARTICLE 7 REMEDIES

7.01 Events of Default.

“Event of Default,” wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- a) default in the payment of the principal of or any premium on any Security of that series at its Maturity and continuance of such default for a period of 30 days; or
- b) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or
- c) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series and continuance of such default for a period of 30 days; or
- d) default in the performance of, or breach of, any covenant of an Obligor in this Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has been expressly included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by first class mail, to the Obligors by the Trustee or to the Obligors and the Trustee by the Holders of at least a majority in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
- e) a default under any bond, debenture, note or other evidence of indebtedness of an Obligor, or under any mortgage, indenture or other instrument of an Obligor (including a default with respect to Securities of any series other than that series) under which there may be issued or by which there may be secured any indebtedness of an Obligor (or by any Subsidiary, the repayment of which an Obligor has guaranteed or for which an Obligor is directly responsible or liable as obligor or guarantor), whether such indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay an aggregate principal amount exceeding U.S. \$50,000,000 of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness in an aggregate principal amount exceeding U.S. \$50,000,000 becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after there shall have been given, by first class mail, to the Obligors by the Trustee or to the Obligors and the Trustee by the Holders of at least a majority in principal amount of the Outstanding Securities of that series a written notice specifying such default and requiring the Obligors, as applicable to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder; or
- f) an Obligor or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law (i) commences a voluntary case, (ii) consents to the entry of an order for relief against it in an involuntary case, or (iii) consents to the appointment of a custodian of it or for all or substantially all of its property, or
- g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against an Obligor or any Significant Subsidiary in an involuntary case, (ii) appoints a custodian of an Obligor or any Significant Subsidiary or for all or substantially all of either of its property, or (iii) orders the liquidation of an Obligor or any Significant Subsidiary, and the order or decree remains unstayed and in effect for 90 days; or
- h) any Guarantee is not, or is claimed by the Guarantor not to be, in full force and effect; or
- i) any other Event of Default provided with respect to Securities of that series.

7.02 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 7.01(f) or 7.01(g)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than a majority of the principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Issuer (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in clause f) or g) of Section 7.01 with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

- a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay
 - i. all overdue interest on all Securities of that series,
 - ii. the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,
 - iii. to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and
 - iv. all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- b) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 7.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

The Trustee shall not be required to act upon an Event of Default unless a Responsible Officer has received written notice of such Event of Default.

7.03 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Issuer covenants that if:

- a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or
- b) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the amounts owed to the Trustee, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

7.04 Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to an Obligor (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

7.05 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

7.06 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 8.07, and

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, rateably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

THIRD: To the Person entitled to receive the same; if no other Person shall be entitled thereto, then to the Issuer, or as a court of competent jurisdiction may direct.

7.07 Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- a) such Holder has previously given written notice to the Trustee of a continuing Event of Default (other than Section 7.01(f) or 7.01(g)) with respect to the Securities of that series;
- b) the Holders of not less than a majority in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- c) such Holder or Holders have offered to the Trustee reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;
- d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

7.08 Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 3.09) interest on such Security on the

respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

7.09 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

7.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.08, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

7.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

7.12 Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that:

- a) such direction shall not be in conflict with any rule of law or with this Indenture, and
- b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

7.13 Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default:

- a) in the payment of the principal of or any premium or interest on any Security of such series, or
- b) in respect of a covenant or provision hereof which under Article 11 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

7.14 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs (including reasonable attorneys' fees and expenses) against any such party litigant. This section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 7.08 hereof, or a suit by Holders of more than 10% in principal amount of the Outstanding Securities.

ARTICLE 8 THE TRUSTEE

8.01 Certain Duties and Responsibilities.

- a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.
- b) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).
- c) The Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances.
- d) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
 - i. the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - ii. the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and
 - iii. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers..
- e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

8.02 Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall, subject to 9.02, give the Holders of Securities of such series notice of such default as and to the extent provided by the Indenture Legislation; provided, however, that in the case of any default of the character specified in clause d) of Section 7.01 with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

8.03 Certain Rights of Trustee.

Subject to the provisions of Section Article 8:

- a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties (but need not investigate the accuracy of any mathematical calculations or other facts stated therein);
- b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or Issuer Order, and any resolution of the Board shall be sufficiently evidenced by a Board Resolution;

- c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;
- d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;
- e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;
- f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the expense of the Issuer and shall incur no liability of any kind by reason of such inquiry or investigation;
- g) the Trustee shall be entitled to treat any communication received through Electronic Methods from a person purporting to be (and whom such Trustee, acting reasonably, believes in good faith to be) the authorized representative of the Issuer, as sufficient instructions and authority of the Issuer for the Trustee to act and shall have no duty to verify or confirm that person is so authorized. The Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.
- h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;
- i) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;
- j) absent written direction, the Trustee shall hold all funds received by it uninvested, without liability for interest;
- k) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;
- l) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture;
- m) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder; and
- n) the Trustee may request that the Issuer deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

8.04 Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Obligors, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of Securities or the proceeds thereof.

8.05 May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Registrar or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 8.08, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Registrar or such other agent.

8.06 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

8.07 Compensation, Reimbursement and Indemnification.

The Issuer agrees:

- 1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- 2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall have been caused by its own negligence or willful misconduct; and
- 3) to fully indemnify each of the Trustee or any predecessor Trustee and their agents (for greater certainty, including officers, directors, employees and agents of the Trustee) for, and to hold them harmless against, any loss, liability, claim, damage or expense incurred without negligence or willful misconduct on their part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal, provincial or state bankruptcy, insolvency or other similar law.

The benefits of this Section shall survive the termination of the Indenture and resignation or removal of the Trustee.

8.08 Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of this Indenture. The Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

8.09 Corporate Trustee Required; Eligibility.

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that has a combined capital and surplus of at least U.S. \$50,000,000 (or be a subsidiary of a Person that has a combined capital and surplus of at least U.S. \$50,000,000). If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

8.10 Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 8.11.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Issuer. If the instrument of acceptance by a successor Trustee required by Section 8.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time but on not less than 60 days notice with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Issuer. If the instrument of acceptance by a successor Trustee required by Section 8.11 shall not have been delivered to the Trustee within 30 days after such removal, the retiring Trustee may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

If at any time:

- 1) the Trustee shall fail to comply with Section 8.08 after written request therefor by the Issuer or by any Holder who has been a bona fide Holder of a Security for at least six months, or
- 2) the Trustee shall cease to be eligible under Section 8.09 and shall fail to resign after written request therefor by the Issuer or by any such Holder, or
- 3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (A) the Issuer by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 7.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Issuer, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 8.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Issuer and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 8.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Issuer. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Issuer or the Holders and accepted appointment in the manner required by Section 8.11, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of such Holder and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Issuer shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in

the manner provided in Section 1.07. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

8.11 Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Obligors, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (a) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (b) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (c) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Issuer or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

8.12 Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

8.13 Anti-Money Laundering and Anti-Terrorist Legislation.

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 30 days' written notice to the Issuer, provided that (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 30 day period, then such resignation shall not be effective.

8.14 Privacy Laws.

The Issuer and the Trustee acknowledge that Canadian federal and/or provincial legislation and United States federal and/or state legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") may apply to obligations and activities under this Indenture. Despite any other provision of this Indenture, no party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Issuer shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under applicable Privacy Laws. The Trustee shall use commercially best efforts to ensure that its services hereunder comply with applicable Privacy Laws. Specifically, the Trustee agrees: (a) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or injury; (b) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of, or direction from, the Issuer or the individual involved; (c) not to sell or otherwise improperly disclose personal information to any third party; and (d) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

8.15 Preferential Collection of Claims Against Issuer.

If and when the Trustee shall be or become a creditor of the Issuer (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Indenture Legislation regarding the collection of claims against the Issuer (or any such other obligor).

8.16 Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.08, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Issuer and shall at all times be a corporation organized and doing business under the laws of Canada authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than U.S. \$50,000,000 and subject to supervision or examination by federal, provincial or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Obligors. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Obligors. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Issuer and shall give notice of such appointment in the manner provided in Section 1.07 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Issuer agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

I, As Trustee

Per:

Name: Authorized Signatory

Title:

I, As Authenticating Agent

Per:

Name: Authorized Signatory

Title:

ARTICLE 9 HOLDERS' LISTS AND REPORTS BY TRUSTEE AND ISSUER

9.01 Issuer to Furnish Trustee Names and Addresses of Holders.

If the Trustee is not the Registrar, the Issuer will furnish or cause to be furnished to the Trustee

at such times as the Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of the Securities of each Series as of a date not more than 15 days prior to the time such list is furnished.

9.02 Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 9.01 and the names and addresses of Holders received by the Trustee in its capacity as Registrar. The Trustee may destroy any list furnished to it as provided in Section 9.01 upon receipt of a new list so furnished.

9.03 Reports by Guarantor.

The Guarantor shall

(1) file with the Trustee, within 15 days after the Guarantor is required to file the same with the Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Guarantor may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act (it being understood that any information, documents and other reports filed or furnished on the Electronic Data Gathering, Analysis and Retrieval system ("EDGAR") or such other system of the Commission or the website of the Guarantor will be deemed to be furnished to such Holders of Securities once such information, documents and other reports are so filed on EDGAR or the Commission's website or the website of the Guarantor); or, if the Guarantor is not required to file information, documents or reports pursuant to either of such Sections, then it will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the

supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations; and

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Issuer and the Guarantor with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations (it being understood that if the Guarantor is not required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, the Guarantor shall not be required to file such reports with the Commission or the Trustee).

ARTICLE 10 CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

10.01 Issuer May Consolidate, Etc., Only on Certain Terms.

The Issuer shall not consolidate with or merge with or into any other Person, or sell, transfer, lease, convey, or otherwise dispose of all or substantially all of its properties or assets to any Person (including pursuant to a statutory arrangement), whether in a single transaction or series of related transactions, unless (i) the Person formed by such consolidation or into which the Issuer is merged or the Person that leases or acquires, by sale, transfer, conveyance or otherwise, all or substantially all of the property or assets of the Issuer expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Securities, this Indenture and any supplement or amendment to this Indenture then in effect with respect to any Securities; (ii) immediately after giving effect to such transaction or series of transactions, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and (iii) the Person formed by such consolidation, the Person into which the Issuer is merged or the Person that leases or acquires, by sale, transfer, conveyance or otherwise, all or substantially all of the property or assets of the Issuer, shall be a corporation, partnership, limited liability company or trust and shall be organized and validly existing under the laws of Canada or any province thereof. The Issuer shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate and an Opinion of Counsel, each stating that such proposed transaction and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

10.02 Guarantor May Consolidate, Etc., Only on Certain Terms.

The Guarantor shall not consolidate with or merge with or into any other Person, or sell, transfer, lease, convey, or otherwise dispose of all or substantially all of its properties or assets to any Person (including pursuant to a statutory arrangement), whether in a single transaction or series of related transactions, unless (i) the Person formed by such consolidation or into which the Guarantor is merged or the Person that leases or acquires, by sale, transfer, conveyance or otherwise, all or substantially all of the property or assets of the Guarantor expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Guarantor under the Securities, this Indenture and any supplement or amendment to this Indenture then in effect with respect to any Securities; (ii) immediately after giving effect to such transaction or series of transactions, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and (iii) the Person formed by such consolidation, the Person into which the Guarantor is merged or the Person that leases or acquires, by sale, transfer, conveyance or otherwise, all or substantially all of the property or assets of the Guarantor, shall be a corporation, partnership, limited liability company or trust and shall be organized and validly existing under the laws of the United States, Canada or any state or province thereof. The Guarantor shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate and an Opinion of Counsel, each stating that such proposed transaction and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

10.03 Successor of the Issuer Substituted.

Upon any consolidation of the Issuer with, or merger of the Issuer into, any other Person or any sale, transfer, lease or conveyance of all or substantially all of the properties and assets of the Issuer in accordance with Section 10.01, the successor Person formed by such consolidation or into which the Guarantor is merged or to which such sale, transfer, lease or conveyance is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

10.04 Successor of the Guarantor Substituted.

Upon any consolidation of the Guarantor with, or merger of the Guarantor into, any other Person or any sale, transfer, lease or conveyance of all or substantially all of the properties and assets of the Guarantor in accordance with Section 10.01, the successor Person formed by such consolidation or into which the Guarantor is merged or to which such sale, transfer, lease or conveyance is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this Indenture with the same effect as if such successor Person had been named as the Guarantor herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE 11 SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Issuer, when authorized by a Board Resolution, the Guarantor and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- a) to evidence the succession of another Person to the Issuer and the assumption by any such successor of the covenants of the Issuer herein and in the Securities; or
- b) to evidence the succession of another Person to the Guarantor and the assumption by any such successor of the covenants of the Guarantor herein and in the Securities; or
- c) to add to the covenants of the Obligor for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Obligor; or
- d) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or
- e) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or
- f) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination (i) shall neither (A) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (B) modify the rights of the Holder of any such Security with respect to such provision or (ii) shall become effective only when there is no such Security Outstanding; or
- g) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 3.01; or
- h) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 8.11; or
- i) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant to this clause i) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

11.02 Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by a Board Resolution, the Guarantor and the Trustee may enter into an indenture or indentures supplemental hereto or any applicable

Guarantee for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture or any applicable Guarantee; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

- a) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 7.02, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or
- b) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or
- c) modify any of the provisions of this Section, Section 7.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 12.06, or the deletion of this proviso, in accordance with the requirements of Section 8.11 and clause i) of Section 11.01.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

11.03 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall receive, and (subject to Section Article 8) shall be fully protected in relying upon, an Opinion of Counsel and Officers' Certificate of the Issuer and the Guarantor stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

11.05 Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE 12 COVENANTS

12.01 Payment of Principal, Premium and Interest.

The Issuer covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

12.02 Maintenance of Office or Agency.

The Issuer will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Securities of that series and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

12.03 Money for Securities Payments to Be Held in Trust.

If the Issuer shall at any time act as its own Paying Agent with respect to any series of Securities, the Issuer will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever there is one or more Paying Agents for any series of Securities, the Issuer will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, and (unless such Paying Agent is the Trustee) the Issuer will promptly notify the Trustee of its action or failure so to act.

The Issuer will cause each Paying Agent (other than the Trustee) for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will during the continuance of any default by the Obligors (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer on Issuer Request, or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the written instruction and expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in Toronto, Ontario, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

12.04 Statement by Officers as to Default.

The Issuer will deliver to the Trustee, within 120 days after the end of each fiscal year of the Issuer ending after the date hereof, an Officers' Certificate, stating whether or not, to the best knowledge of the signers thereof, either of the Obligors are in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Obligors shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge. The Issuer will also deliver to the Trustee, promptly after an officer of the General Partner, acting in its capacity as general partner of the Issuer, becomes aware of the occurrence of any Event of Default, an Officers' Certificate setting forth the nature and status of such Event of Default and, if then formulated, the action that the Issuer proposes to take with respect thereto.

12.05 Existence.

Subject to Article 10, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Issuer shall not be required to preserve any such right or franchise if the Board shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer.

12.06 Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 3.01 for Securities of such series, the Obligors may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to clause r) of Section 3.01 or clause c) or h) of Section 11.01 for the benefit of the Holders of such series or in Section 12.05, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Issuer and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE 13 REDEMPTION OF SECURITIES

13.01 Applicability of Article.

Securities of any series which are redeemable before their maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

13.02 Notices to Trustee.

The election of the Issuer to redeem or purchase in an offer to purchase Securities of any series shall be evidenced by a Board Resolution. The Issuer shall, at least 45 days prior to the redemption date fixed by the Issuer (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount of Securities of that series to be redeemed by delivering to the Trustee an Officers' Certificate setting forth:

- (1) the paragraph of the Securities and/or Section of this Indenture or any indenture supplemental hereto pursuant to which the redemption shall occur;
- (2) the redemption date;
- (3) the principal amount of Securities of that series to be redeemed, plus accrued interest and additional amounts, if any, to the redemption date;
- (4) the redemption price, including any make-whole amount or premium, if applicable; and
- (5) the effects, if any, to the conversion privileges of Holders.

13.03 Selection of Securities to be Redeemed.

If less than all of the Securities of any series are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select the particular Securities for redemption or purchase from the Outstanding Securities of that series not previously called for redemption, as follows:

- (1) if the Securities of that series are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which such Securities are listed; or
- (2) if the Securities of that series are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

In the event of partial redemption by lot, the particular Securities to be redeemed will be selected, unless otherwise provided in this Indenture, not less than 30 nor more than 60 days prior to the redemption date by the Trustee.

The Trustee will promptly notify the Issuer in writing of the Securities selected for redemption or purchase and, in the case of any Security selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Securities and portions of Securities of any series selected will be in amounts equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof; provided, however, that if all of the Outstanding Securities of a Holder are to be redeemed or purchased, the entire amount of such Securities held by such Holder, even if not a multiple of the minimum authorized denomination for Securities of that series, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Securities called for redemption or purchase also apply to portions of Securities called for redemption or purchase.

13.04 Notice of Redemption.

At least 15 days but not more than 30 days before a redemption date, unless a shorter period is specified by the terms of that series as contemplated by Section 3.01, the Issuer will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Securities are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Securities or a satisfaction and discharge of this Indenture pursuant to Article 6 or Article 15 of this Indenture. Any notice that is mailed to the Holders of Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The notice will identify the Securities to be redeemed and will state:

- (2) the redemption date;
- (3) the redemption price, including the accrued interest and additional amounts, if any, to the redemption date and any make-whole amount or premium, if applicable;
- (4) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date upon surrender of such Security, a new Security or Securities of the same series and tenor in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Security;
- (5) the name and address of the Paying Agent;
- (6) that Securities called for redemption must be surrendered to the Paying Agent at the Place of Payment to collect the redemption price or to convert (if applicable);
- (7) that, unless the Issuer defaults in making such redemption payment, interest on Securities called for redemption ceases to accrue on and after the redemption date;
- (8) the paragraph of the Securities and/or Section of this Indenture or any indenture supplemental hereto pursuant to which the Securities called for redemption are being redeemed;
- (9) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities;
- (10) that the redemption is for a sinking fund, if applicable; and

(11) if applicable, that a Holder of Securities who desires to convert Securities in connection with a redemption must satisfy the requirements for conversion contained in such Securities, the then existing conversion price or rate, and the date and time when the option to convert shall expire.

At the Issuer's request, the Trustee will give the notice of redemption in the Issuer's name and at the Issuer's expense; on condition that the Issuer has delivered to the Trustee, at least 30 days (or such shorter period of time as is satisfactory to the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

13.05 Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 13.05 hereof, Securities called for redemption become irrevocably due and payable on the redemption date at the redemption price therein specified. Except as otherwise provided pursuant to Section 3.01 with respect to the Securities of any series, a notice of redemption of Securities of that series may not be conditional.

13.06 Deposit of Redemption or Purchase Price.

By 10:00 a.m. (Toronto time) on the redemption or purchase date, the Issuer will deposit with the Trustee or with the Paying Agent money in the currency or currencies, currency unit or units or composite currency or currencies in which the Securities are payable sufficient to pay the redemption or purchase price of and accrued interest and additional amounts, if any, on all Securities to be redeemed or purchased on that date. The Trustee or the Paying Agent will, upon receipt of written request for repayment and as soon as practicable, return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and additional amounts, if any, on, all Securities to be redeemed or purchased.

If the Issuer complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Securities or the portions of Securities called for redemption or purchase. If a Security is redeemed or purchased on or after a Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Security was registered at the close of business on such Record Date; provided, however, that except as otherwise provided with respect to Securities convertible into other securities, installments of interest on Securities whose maturity is on or prior to the redemption date shall be payable to the Holders of such Securities, or one or more predecessor Securities, registered as such at the close of business on the relevant Record Dates according to the terms and provisions of Section 3.01. If any Security called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Securities and in Section 12.01 hereof.

13.07 Securities Redeemed or Purchased in Part.

Upon surrender of a Security of a series that is redeemed or purchased in part at a Place of Payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Issuer may issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Issuer a new Security of the same series of any authorized denomination as requested by the Holder in an aggregate principal amount equal to and in exchange for the unredeemed or unpurchased portion of the principal of the Security so surrendered.

13.08 Conversion Arrangement on Call for Redemption.

In connection with any redemption of Securities, the Issuer may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment bankers or other purchasers to purchase such Securities by paying to the Trustee or the Paying Agent in trust for the Holders of Securities, on or before 10:00 a.m. Eastern Time on the redemption date, an amount not less than the redemption price, together with interest, if any, accrued to the redemption date of such Securities, in immediately available funds. Notwithstanding anything to the contrary contained in this Article 13, the obligation of the Issuer to pay the redemption price of such Securities, including all accrued interest, if any, shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, any Securities not duly surrendered for conversion by the Holders thereof may, at the option of the Issuer, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the last day on which Securities of that series called for redemption may be converted in accordance with this Indenture and the terms of such Securities, subject to payment to the Trustee or Paying Agent of the above-described amount. The Trustee or the Paying Agent shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it in the same manner

as it would pay moneys deposited with it by the Issuer for the redemption of Securities. Without the Trustee's and the Paying Agent's prior written consent, no arrangement between the Issuer and such purchasers for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee and the Paying Agent as set forth in this Indenture, and the Issuer agrees to indemnify the Trustee and the Paying Agent from, and hold them harmless against, any loss, liability or expense owing out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Issuer and such purchasers, including the costs and expenses incurred by the Trustee and Paying Agent (including the fees and expenses of their agents and counsel) in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of their powers, duties, responsibilities or obligations under this Indenture.

ARTICLE 14 SINKING FUNDS

14.01 Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 3.01 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of such Securities is herein referred to as an "optional sinking fund payment." If provided for by the terms of any Securities, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 14.02. Each sinking fund payment shall be applied to the redemption of Securities as provided for by the terms of such Securities.

14.02 Satisfaction of Sinking Fund Payments with Securities.

The Issuer (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Issuer pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; provided that the Securities to be so credited have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

14.03 Redemption of Securities for Sinking Fund.

Not less than 30 days prior to each sinking fund payment date for any Securities, the Issuer will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section 14.02 and will also deliver to the Trustee any Securities to be so delivered. Not less than 15 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 13.03 and cause notice of the redemption thereof to be given in the name of and at the expense of the Issuer in the manner provided in Section 13.04. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Section 13.07.

ARTICLE 15 DEFEASANCE AND COVENANT DEFEASANCE

15.01 Option to Effect Defeasance or Covenant Defeasance.

The Issuer may elect, at its option at any time, to have Section 15.02 or Section 15.03 applied to any Securities or any series of Securities, as the case may be, designated pursuant to Section 3.01 as being defeasible pursuant to such Section 15.02 or 15.03, in accordance with any applicable requirements provided pursuant to Section 3.01 and upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 3.01 for such Securities.

15.02 Defeasance and Discharge.

Upon the Issuer's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, the Obligors shall be deemed to have been discharged from their obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 15.04 are satisfied (hereinafter called "**Defeasance**"). For this purpose, such Defeasance means that the Issuer shall be deemed to have paid and discharged the entire indebtedness

represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 15.04 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when payments are due, (b) the Obligors' obligations with respect to such Securities under Sections 3.04, 3.07, 3.08, 12.02 and 12.03, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (d) this Article. Subject to compliance with this Article, the Issuer may exercise its option (if any) to have this Section applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 15.03 applied to such Securities.

15.03 Covenant Defeasance.

Upon the Issuer's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (a) the Obligors shall be released from their obligations under clause (c) of Section 10.01 and any covenants provided pursuant to clause r) of Section 3.01, Section 12.05 or clause c) or h) of Section 11.01 for the benefit of the Holders of such Securities, and (b) the occurrence of any event specified in clause d) of Section 7.01 (with respect to any of clause (c) of Section 10.01 and any such covenants provided pursuant to clause r) of Section 3.01, Section 12.05 or clause c) or h) of Section 11.01) or clause e) of Section 7.01 shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 15.04 are satisfied (hereinafter called "**Covenant Defeasance**"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Obligors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of clause d) of Section 7.01), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

15.04 Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of Section 15.02 or Section 15.03 to any Securities or any series of Securities and any related Guarantee, as the case may be:

- a) The Issuer shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 8.09 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (i) money in an amount, or (ii) Canadian Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (iii) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the respective Stated Maturities, in accordance with the terms of this Indenture and such Securities.
- b) In the event of an election to have Section 15.02 apply to any Securities or any series of Securities, as the case may be, (i) the Issuer shall have received from, or there shall have been published by, the Canada Revenue Agency a ruling or (ii) since the date of this instrument, there shall have been a change in the applicable Canadian federal income tax law, in either case (i) or (ii) to the effect that the Holders of such Securities will not recognize income, gain or loss for Canadian federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and that Holders will be subject to Canadian federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur and the Issuer delivers to the Trustee a legal opinion confirming the tax law change or Canada Revenue Agency ruling described in (i) or (ii) above, as applicable.
- c) In the event of an election to have Section 15.03 apply to any Securities or any series of Securities, as the case may be, either:
 - i. (A) the Issuer shall have received from, or there shall have been published by, the Canada Revenue Agency a ruling, or (B) since the date of this instrument, there shall have been a change in the applicable Canadian federal income tax law, in either case (A) or (B) to the effect that the Holders of such Securities will not recognize income gain or loss for Canadian federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and that Holders will be subject to

Canadian federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur and the Issuer delivers to the Trustee a legal opinion confirming the tax law change or Canada Revenue Agency ruling described in (A) or (B) above, as applicable; or

- ii. the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee to the effect that the Holders of such Securities will not recognize gain or loss for Canadian federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to Canadian federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.
- d) The Issuer shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.
- e) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in clause e) or f) of Section 7.01, at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).
- f) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest.
- g) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Obligor is a party or by which they are bound.
- h) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under the Investment Company Act or exempt from registration thereunder.
- i) At the time of such deposit, (i) no default in the payment of any principal of or premium or interest on any Senior Debt shall have occurred and be continuing, (ii) no event of default with respect to any Senior Debt shall have resulted in such Senior Debt becoming, and continuing to be, due and payable prior to the date on which it would otherwise have become due and payable (unless payment of such Senior Debt has been made or duly provided for), and (iii) no other event of default with respect to any Senior Debt shall have occurred and be continuing permitting (after notice or lapse of time or both) the holders of such Senior Debt (or a trustee on behalf of such holders) to declare such Senior Debt due and payable prior to the date on which it would otherwise have become due and payable.
- j) The Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

15.05 Deposited Money and Canadian Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 12.03, all money and Canadian Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 15.06, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 15.04 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Canadian Government Obligations deposited pursuant to Section 15.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any money or Canadian Government Obligations held by it as provided in Section 15.04 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

15.06 Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Obligors have been discharged or released pursuant to Section 15.02 or 15.03 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 15.05 with respect to such Securities in accordance with this Article; provided, however, that if the Obligors make any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Obligors shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. In proving the existence of this Indenture it shall not be necessary to produce more than one copy.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

HCN CANADIAN HOLDINGS-1 LP, by its general partner HCN Canadian Holdings GP-1 Ltd.

Per: /s/ Scott A. Estes
Name: Scott A. Estes
Title: Executive Vice President and Chief Financial Officer

WELLTOWER INC.

Per: /s/ Scott A. Estes
Name: Scott A. Estes
Title: Executive Vice President and Chief Financial Officer

BNY TRUST COMPANY OF CANADA, as Trustee

Per: /s/ Farhan Mir
Name: Farhan Mir
Title: Authorized Signatory

FIRST SUPPLEMENTAL INDENTURE

by and among

HCN CANADIAN HOLDINGS-1 LP

as Issuer

and

WELLTOWER INC.

as Guarantor

and

BNY TRUST COMPANY OF CANADA

as Trustee

As of November 25, 2015

SUPPLEMENTAL TO THE INDENTURE DATED AS OF NOVEMBER 25, 2015

HCN CANADIAN HOLDINGS-1 LP

3.35% Notes due 2020

This FIRST SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”) is made and entered into as of November 25, 2015 among HCN CANADIAN HOLDINGS-1 LP, an Ontario limited partnership (the “**Issuer**”), WELLTOWER INC., a Delaware corporation (the “**Guarantor**” and together with the Issuer, the “**Obligors**”), and BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada, as trustee (the “**Trustee**”).

WITNESSETH THAT:

WHEREAS, the Obligors and the Trustee have executed and delivered an Indenture, dated as of November 25, 2015 (as amended, supplemented or otherwise modified from time to time, the “**Base Indenture**” and, together with this Supplemental Indenture, as amended, supplemented or otherwise modified from time to time, the “**Indenture**”) to provide for the future issuance of the Issuer’s senior debt securities (the “**Securities**”) to be issued from time to time in one or more series; and

WHEREAS, pursuant to the terms of the Base Indenture, the Issuer desires to provide for the establishment of a new series of its Securities with the benefit of a guarantee provided by the Guarantor, to be known as its 3.35% Notes due 2020, the form and substance of such Securities and the terms, provisions and conditions thereof to be set forth as provided in the Indenture.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant, declare and agree for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE 1

DEFINED TERMS

Section 1.1 The following definitions supplement, and, to the extent inconsistent with, replace the definitions in Section 1.01 of the Base Indenture:

“Applicable Law” has the meaning specified in Section 7.6 of this Supplemental Indenture.

“Base Indenture” means the Indenture dated as of November 25, 2015 among the Obligors and the Trustee, as amended, supplemented or otherwise modified from time to time.

“Business Day” means any day other than a Saturday or Sunday or a day on which banking institutions in the Province of Ontario are authorized or required by law, regulation or executive order to close.

“Canada Yield Price” means in respect of any redemption or acceleration of the Notes, a price calculated to provide a yield to maturity, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield on the third Business Day prior to the redemption date of such Notes to the Holders pursuant to the Indenture, plus 60 basis points.

“Capital Lease” means at any time any lease of property, real or personal, which, in accordance with GAAP, would at such time be required to be capitalized on a balance sheet of the lessee.

“Capitalized Lease Obligations” means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property

which obligations are required to be classified and accounted for as a Capital Lease on a balance sheet of such Person under GAAP.

“Cash” means as to any Person, such Person’s cash and cash equivalents, as defined in accordance with GAAP consistently applied.

“Code” means the Internal Revenue Code of 1986, as amended.

“EBITDA” means for any period, with respect to the Guarantor and its subsidiaries on a consolidated basis, determined in accordance with GAAP, the sum of net income (or net loss) for such period PLUS, the sum of all amounts treated as expenses for: (i) interest, (ii) depreciation, (iii) amortization and (iv) all accrued taxes on or measured by income to the extent included in the determination of such net income (or net loss); provided, however, that net income (or net loss) shall be computed without giving effect to extraordinary losses or gains.

“FATCA” means Sections 1471 through 1474 of the Code and related Treasury regulations and pronouncements (the Foreign Account Tax Compliance Act) and Part XVIII of the *Income Tax Act* (Canada), as amended (the “Tax Act”).

“FATCA Withholding Tax” means any FATCA withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations, or agreements thereunder or official interpretations thereof or required by any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement including Part XVIII of the Tax Act).

“Funded Indebtedness” means as of any date of determination thereof, (i) all Indebtedness of any Person, determined in accordance with GAAP, which by its terms matures more than one year after the date of calculation, and any such Indebtedness maturing within one year from such date which is renewable or extendable at the option of the obligor to a date more than one year from such date, and (ii) the current portion of all such Indebtedness.

“GAAP” means generally accepted accounting principles of the United States.

“Global Notes” has the meaning set forth in Section 2.1(a) of this Supplemental Indenture.

“Government of Canada Yield” means, on any date, the bid-side yield to maturity on such date as determined by the arithmetic average (rounded to three decimal places) of the yields quoted at 10:00 a.m. (Toronto time) by any two investment dealers in Canada acceptable to the Issuer, assuming semi-annual compounding and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity that most closely approximates the remaining term to maturity of such Notes to be redeemed.

“Indebtedness” means, with respect to any Person, all: (i) liabilities or obligations, direct and contingent, which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person at the date as of which Indebtedness is to be determined, including, without limitation, contingent liabilities that in accordance with such principles, would be set forth in a specific dollar amount on the liability side of such balance sheet, and Capitalized Lease Obligations of such Person; (ii) liabilities or obligations of others for which such Person is directly or indirectly liable, by way of guarantee (whether by direct guarantee, suretyship, discount, endorsement, take-or-pay agreement, agreement to purchase

or advance or keep in funds or other agreement having the effect of a guarantee) or otherwise; (iii) liabilities or obligations secured by Liens on any assets of such Person, whether or not such liabilities or obligations shall have been assumed by it; and (iv) liabilities or obligations of such Person, direct or contingent, with respect to letters of credit issued for the account of such Person and bankers acceptances created for such Person.

“Interest Coverage” means as of the last day of any fiscal quarter, the quotient, expressed as a percentage (which may be in excess of 100%), determined by dividing EBITDA by Interest Expense; all of the foregoing calculated by reference to the immediately preceding four fiscal quarters of the Guarantor ending on such date of determination.

“Interest Expense” means for any period, on a combined basis, the sum of all interest paid or payable (excluding unamortized debt issuance costs) on all items of Indebtedness of the Guarantor outstanding at any time during such period.

“Interest Payment Date” with respect to the Notes is defined in Section 1.01 of the Base Indenture and Section 2.1(b) of this Supplemental Indenture.

“Lien” means any mortgage, deed of trust, pledge, security interest, encumbrance, lien, claim or charge of any kind (including any agreement to give any of the foregoing), any conditional sale or other title retention agreement, any lease in the nature of any of the foregoing, and the filing of or agreement to give any financing statement under the applicable laws of any jurisdiction.

“Notes” means the Issuer’s 3.35% senior notes due 2020, issued under the Indenture.

“Regular Record Date” with respect to the Notes is defined in Section 1.01 of the Base Indenture and Section 2.1(b) of this Supplemental Indenture.

“Senior Debt” means all Indebtedness other than Subordinated Debt.

“Subordinated Debt” means any unsecured Indebtedness of the Guarantor which is issued or assumed pursuant to, or evidenced by, an indenture or other instrument which contains provisions for the subordination of such other Indebtedness (to which appropriate reference shall be made in the instruments evidencing such other Indebtedness if not contained therein) to the Notes (and, at the option of the Guarantor, if so provided, to other Indebtedness of the Guarantor, either generally or as specifically designated).

“Subsidiary” means any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests of which are owned, directly or indirectly, by the Guarantor or one or more other Subsidiaries of the Guarantor. For the purposes of this definition, “voting equity securities” means equity securities having voting power for the election of directors or similar functionaries, whether at all times or only so long as no senior class of security has such voting power by reason of any contingency.

“Supplemental Indenture” means this First Supplemental Indenture dated as of November 25, 2015 among the Obligor and the Trustee, as amended, supplemented or otherwise modified from time to time.

“Total Assets” means on any date, the consolidated total assets of the Guarantor and its Subsidiaries, as such amount would appear on a consolidated balance sheet of the Guarantor prepared as of such date in accordance with GAAP.

“Total Unencumbered Assets” means on any date, net real estate investments (valued on a book basis) of the Guarantor and its Subsidiaries that are not subject to any Lien which secures indebtedness for borrowed money of any of the Guarantor and its Subsidiaries plus, without duplication, loan loss reserves relating thereto, accumulated depreciation thereon plus Cash, as all such amounts would appear on a consolidated balance sheet of the Guarantor prepared as of such date in accordance with GAAP; provided, however, that “Total Unencumbered Assets” does not include net real estate investments under unconsolidated joint ventures of the Guarantor and its Subsidiaries.

“Unsecured Debt” means Funded Indebtedness less Indebtedness secured by Liens on the property or assets of the Guarantor and its Subsidiaries.

ARTICLE 2

TERMS OF THE NOTES

Section 2.1 Pursuant to Section 3.01 of the Indenture, the Notes shall have the following terms and conditions:

(a) Title; Aggregate Principal Amount; Form of Notes. The Notes shall be Registered Securities under the Indenture and shall be known as the Issuer’s “3.35% Notes due 2020.” The Notes will be limited to an aggregate principal amount of Cdn\$300,000,000, subject to the right of the Issuer to reopen such series for issuances of additional securities of such series and except (i) as provided in this Section and (ii) for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.05, 3.08, 3.09, 9.05 or 11.07 of the Indenture and except for any Securities which, pursuant to Section 3.03 of the Indenture, are deemed never to have been authenticated and delivered hereunder. The Notes (together with the Trustee’s certificate of authentication) shall be substantially in the form of Exhibit A hereto, which is hereby incorporated in and made a part of this Supplemental Indenture.

The Notes will be issued in the form of fully registered global securities without coupons (“**Global Notes**”) that will be deposited with, or on behalf of, CDS, and registered in the name of CDS or a nominee thereof. Except under the circumstance described below, the Notes will not be issuable in definitive form. Unless and until it is exchanged in whole or in part for the individual notes represented thereby, a Global Note may not be transferred except as a whole by CDS to a nominee of CDS or by a nominee of CDS to CDS or another nominee of CDS or by CDS or any nominee of CDS to a successor depositary or any nominee of such successor.

So long as CDS or its nominee is the registered owner of a Global Note, CDS or such nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Note for all purposes under this Supplemental Indenture. Except as described below, owners of beneficial interest in Notes evidenced by a Global Note will not be entitled to have any of the individual Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of any such Notes in definitive form and will not be considered the owners or Holders thereof under the Indenture or this Supplemental Indenture.

If CDS is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by the Issuer within 120 days, the Issuer will issue individual Notes in exchange for the Global Note or Global Notes representing such Notes. In addition, the Issuer may at any time and in its sole discretion, subject to certain limitations set forth in the Indenture, determine not to have any of such Notes represented by one or more Global Notes and, in such event, will issue individual Notes in exchange for the Global Note or

Global Notes representing the Notes. Individual Notes so issued will be issued in minimum denominations of Cdn\$1,000 and integral multiples of Cdn\$1,000.

(b) Interest and Interest Rate. The Notes will bear interest at a rate of 3.35% per annum, from November 25, 2015 (or, in the case of Notes issued upon the reopening of this series of Notes, from the date designated by the Issuer in connection with such reopening) or from the immediately preceding Interest Payment Date to which interest has been paid or duly provided for, payable semiannually in arrears on each May 25 and November 25, commencing May 25, 2016 (each of which shall be an “**Interest Payment Date**”), to the Persons in whose names the Notes are registered in the Security Register at the close of business on the May 15 or November 15, as the case may be (whether or not a Business Day), next preceding such Interest Payment Date (each, a “**Regular Record Date**”).

(c) Securities Guarantee. The payment of principal, interest and certain other amounts on the Notes will be fully and unconditionally guaranteed by the Guarantor on a senior unsecured basis as set out in Article 5 of the Base Indenture. The endorsement of the Guarantor contained in the Form of Global Note attached hereto as Exhibit A constitutes notation of the Guarantee in accordance with Section 5.03 of the Base Indenture.

(d) Ranking. The Notes will be the Issuer’s unsecured and unsubordinated obligations and rank equal in right of payment with all of the Issuer’s existing and future unsecured and unsubordinated indebtedness.

(e) No Sinking Fund. No sinking fund will be provided with respect to the Notes (notwithstanding any provisions of the Base Indenture with respect to sinking fund obligations).

(f) No Additional Amounts. Any and all payments made by the Issuer or the Guarantor with respect to the Notes shall be made without withholding of or deduction for, or on account of, any present or future tax, assessment or governmental charge required by applicable law. No additional amounts will be payable with respect to any amount so withheld or deducted in accordance with applicable law (notwithstanding any provisions of the Base Indenture with respect to Additional Amount obligations), except those Additional Amounts (as defined in the Base Indenture) payable by the Guarantor pursuant to Section 5.01(f) of the Base Indenture as and when such Additional Amounts are payable.

(g) Principal Repayment; Currency. The Notes will mature on November 25, 2020 provided, however, the Notes may be earlier redeemed at the option of the Issuer as provided in paragraph (e) below. The principal of each Note payable on its maturity date and any such interest shall be made at the office or agency of the Paying Agent located at **320 Bay Street, Toronto, Ontario, M5H 4A6**, in such coin or currency of Canada as at the time of payment is legal tender for the payment of public or private debts.

(h) Redemption at the Option of the Issuer. The Notes will be subject to redemption at the option of the Issuer, at any time in whole or from time to time in part, upon not less than 15 nor more than 30 days’ notice transmitted to each Holder of Notes to be redeemed as shown in the Security Register.

The redemption price will equal the greater of (i) 100% of the principal amount of the Notes (or portion of such Notes) being redeemed, and (ii) the Canada Yield Price, in each case plus accrued and unpaid interest thereon to the date of redemption.

(i) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given three Business Days after the date of delivery if mailed or one Business Day after the date of delivery if transmitted by facsimile. Notices to the Issuer shall be directed to its care of HCN Canadian Holdings GP-1 Ltd. at 1175 Douglas Street, Ste. 1212, Victoria, British Columbia, V9W 2E1, Attention: Matt

McQueen, Senior Vice President, Legal; notices to the Guarantor shall be directed to it at 4500 Dorr Street, Toledo, Ohio 43615, Attention: Matt McQueen, Senior Vice President, Legal; notices to the Trustee shall be directed to it at 320 Bay Street, Toronto, Ontario, M5H 4A6, Attention: Corporate Trust Administration re: HCN Canadian Holdings-1 LP 3.35% Notes due 2020; or as to each party, at such other address as shall be designated by such party in a written notice to the other party. In addition to the foregoing, the Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Obligors elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions' conflict or are inconsistent with a subsequent written instruction. The Obligors agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(j) Applicability of Discharge, Defeasance and Covenant Defeasance Provisions. The Discharge, Defeasance and Covenant Defeasance provisions in Article Fifteen of the Base Indenture will apply to the Notes.

ARTICLE 3

ADDITIONAL COVENANTS

Section 3.1 Holders of the Notes shall have the benefit of the following covenants, in addition to the covenants of the Obligors set forth in the Indenture:

(a) The Guarantor will not pledge or otherwise subject to any Lien, any property or assets of the Guarantor or its Subsidiaries unless the Notes are secured by such pledge or Lien equally and ratably with all other obligations secured thereby so long as such other obligations shall be so secured; provided, however, that such covenant shall not apply to the following:

(i) Liens securing obligations that do not in the aggregate at any one time outstanding exceed 40% of the sum of (A) the Total Assets of the Guarantor and its consolidated subsidiaries as of the end of the calendar year or quarter covered in the Guarantor's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Liens and (B) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Indebtedness), by the Guarantor or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Liens;

(ii) Pledges or deposits by the Guarantor or its Subsidiaries under workers' compensation laws, unemployment insurance laws, social security laws, or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness of the Guarantor or its Subsidiaries), or leases to which the Guarantor or any of its Subsidiaries is a party, or deposits to

secure public or statutory obligations of the Guarantor or its Subsidiaries or deposits of cash or Canadian Government Obligations to secure surety, appeal, performance or other similar bonds to which the Guarantor or any of its Subsidiaries is a party, or deposits as security for contested taxes or import duties or for the payment of rent;

(iii) Liens imposed by law, such as carriers', warehousemen's, materialmen's and mechanics' liens, or Liens arising out of judgments or awards against the Guarantor or any of its Subsidiaries which the Guarantor or such Subsidiary at the time shall be currently prosecuting an appeal or proceeding for review;

(iv) Liens for taxes not yet subject to penalties for non-payment and Liens for taxes the payment of which is being contested in good faith and by appropriate proceedings;

(v) Minor survey exceptions, minor encumbrances, easements or reservations of, or rights of, others for rights of way, highways and railroad crossings, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties;

(vi) Liens incidental to the conduct of the business of the Guarantor or any Subsidiary or to the ownership of their respective properties that were not incurred in connection with Indebtedness of the Guarantor or such Subsidiary, all of which Liens referred to in this clause (vi) do not in the aggregate materially impair the value of the properties to which they relate or materially impair their use in the operation of the business taken as a whole of the Guarantor and its Subsidiaries, and as to all of the foregoing referenced in clauses (ii) through (vi), only to the extent arising and continuing in the ordinary course of business;

(vii) Purchase money Liens on property acquired or held by the Guarantor or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of such property; provided, however, that (A) any such Lien attaches concurrently with or within 20 days after the acquisition thereof, (B) such Lien attaches solely to the property so acquired in such transaction, (C) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such property and (D) the aggregate amount of all such Indebtedness on a consolidated basis for the Guarantor and its Subsidiaries shall not at any time exceed U.S.\$1,000,000;

(viii) Liens existing on the Guarantor's balance sheet as of December 31, 2001; and

(ix) Any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the foregoing clauses (ii) through (viii) inclusive; provided, however, that the amount of any and all obligations and Indebtedness secured thereby shall not exceed the amount thereof so secured immediately prior to the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

(b) The Guarantor will not create, assume, incur, or otherwise become liable in respect of, any Indebtedness if the aggregate outstanding principal amount of Indebtedness of the Guarantor and its consolidated subsidiaries is, at the time of such creation, assumption or incurrence and after giving effect thereto and to any concurrent transactions, greater than 60% of the sum of (i) the Total Assets of the Guarantor and its consolidated subsidiaries as of the end of the calendar year or quarter covered in the Guarantor's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the

Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Indebtedness and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent that such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Indebtedness), by the Guarantor or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Indebtedness.

(c) The Guarantor will have or maintain, on a consolidated basis, as of the last day of each of the Guarantor's fiscal quarters, Interest Coverage of not less than 150%.

(d) The Guarantor will maintain, as of the last day of each of the Guarantor's fiscal quarters and at all times, Total Unencumbered Assets of not less than 150% of the aggregate outstanding principal amount of the Unsecured Debt of the Guarantor and its Subsidiaries on a consolidated basis.

(e) For purposes of this Section 3, Indebtedness and Debt shall be deemed to be "incurred" by the Guarantor or a Subsidiary whenever the Guarantor or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof.

ARTICLE 4

ADDITIONAL EVENTS OF DEFAULT

Section 4.1 For purposes of this Supplemental Indenture and the Notes, in addition to the Events of Default set forth in Section 7.01 of the Indenture, each of the following also shall constitute an "Event of Default:"

(a) default in the payment of the principal of or any premium on the Notes at Maturity;

(b) there shall occur a default under any bond, debenture, note or other evidence of indebtedness of an Obligor, or under any mortgage, indenture or other instrument of an Obligor (including a default with respect to Securities of any series other than that series) under which there may be issued or by which there may be secured any indebtedness of an Obligor (or by any Subsidiary, the repayment of which the Issuer has guaranteed or for which the Issuer is directly responsible or liable as obligor or guarantor), whether such indebtedness now exists or shall hereafter be created, which default shall constitute a failure to pay an aggregate principal amount exceeding U.S.\$10,000,000 of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness in an aggregate principal amount exceeding U.S.\$10,000,000 becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after there shall have been given, by first class mail or electronically, as applicable, to the Obligors by the Trustee or to the Obligors and the Trustee by the Holders of at least a majority in principal amount of the Outstanding Notes a written notice specifying such default and requiring the Obligors, as applicable to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" under the Indenture; and

(c) the entry by a court of competent jurisdiction of one or more judgments, orders or decrees against the Issuer, the Guarantor, or any of the Guarantor's or the Issuer's Subsidiaries in an aggregate amount (excluding amounts covered by insurance) in excess of \$10,000,000 and such judgments, orders or decrees remain undischarged, unstayed and unsatisfied in an aggregate amount (excluding amounts covered by insurance) in excess of \$10,000,000 for a period of 30 consecutive days.

Section 4.2 Notwithstanding any provisions to the contrary in the Indenture, upon the acceleration of the Notes in accordance with Section 7.02 of the Indenture, the amount immediately due and payable in respect of the Notes shall equal the Outstanding principal amount thereof, plus accrued and unpaid interest, plus the Canada Yield Price.

ARTICLE 5

EFFECTIVENESS

Section 5.1 This Supplemental Indenture shall be effective for all purposes as of the date and time this Supplemental Indenture has been executed and delivered by the Obligor and the Trustee in accordance with Article Nine of the Indenture. As supplemented hereby, the Indenture is hereby confirmed as being in full force and effect.

ARTICLE 6

NOTICE TO TRUSTEE

Section 6.1 Notwithstanding anything to the contrary in the Indenture including, without limitation, Section 13.02 thereof, in connection with the redemption at the election of the Issuer, the Issuer shall notify the Trustee of the establishment of a Redemption Date and the principal amount of Notes to be redeemed at least 5 days prior to the date on which notice is transmitted under Section 2.1(h), unless a shorter period shall be satisfactory to the Trustee.

ARTICLE 7

MISCELLANEOUS

Section 7.1 In the event any provision of this Supplemental Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or any provision of the Indenture.

Section 7.2 To the extent that any terms of this Supplemental Indenture or the Notes are inconsistent with the terms of the Indenture, the terms of this Supplemental Indenture or the Notes shall govern and supersede such inconsistent terms.

Section 7.3 This Supplemental Indenture shall be governed by and construed in accordance with the laws of the Province of Ontario, except for Section 2.1(c) hereof, which shall be governed by and construed in accordance with the laws of the state of New York.

Section 7.4 This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.5 The Trustee shall not be responsible for the validity or sufficiency of this Supplemental Indenture, or for the recitals contained herein, all of which shall be taken as statements of the Obligor.

Section 7.6 In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time ("**Applicable Law**"), the Issuer agrees (a) to provide to the Trustee sufficient information about Holders or other applicable

parties and/or transactions (including any modification to the terms of such transactions) so the Trustee can determine whether it has tax-related obligations under Applicable Law, (b) that the Trustee shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable Law for which the Trustee shall not have any liability, and (c) to hold harmless the Trustee any losses it may suffer due to the actions it takes to comply with such Applicable Law. The terms of this Section 7.6 shall survive the termination of the Indenture.

Section 7.7 The Trustee shall be entitled to deduct FATCA Withholding Tax, and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding Tax.

IN WITNESS WHEREOF, the Obligors and the Trustee have caused this Supplemental Indenture to be executed in their respective corporate names as of the date first above written.

HCN CANADIAN HOLDINGS-1 LP, by its general partner HCN Canadian Holdings GP-1 Ltd.

By: /s/ Scott A. Estes

Name: Scott A. Estes

Title: Executive Vice President and Chief Financial Officer

WELLTOWER INC.

By: /s/ Scott A. Estes

Name: Scott A. Estes

Title: Executive Vice President and Chief Financial Officer

BNY TRUST COMPANY OF CANADA, as Trustee

By: /s/ Farhan Mir
Name: Farhan Mir
Title: Authorized Signatory

Exhibit A

FORM OF GLOBAL NOTE

[Form of Face of Security]

This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any Person other than such Depository or a nominee thereof, except in the limited circumstances described in the Indenture. Every Security authenticated and delivered upon registration of, transfer of, in exchange for, or in lieu of, this Security shall be a Global Security subject to the foregoing, except in the limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. (“CDS”) for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

HCN CANADIAN HOLDINGS-1 LP

3.35% Notes due November 25, 2020

Certificate No. 1

CUSIP No. 40416RAA2

Cdn\$300,000,000

HCN Canadian Holdings-1 LP, a limited partnership duly organized and existing under the laws of Ontario (herein called the “**Issuer**,” which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to CDS, or registered assigns, the principal sum of three-hundred million dollars on November 25, 2015, and to pay interest thereon from November 25, 2015 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 25 and November 25 in each year, commencing May 25, 2016 at the rate of 3.35% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be on the May 15 or November 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the office or agency of the Issuer maintained for that purpose in the Province of Ontario, or elsewhere as provided in the Indenture, in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Issuer payment of interest may be made by electronic wire transfer or by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in this Security, or because of any indebtedness evidenced hereby or thereby, shall be had against any promoter, as such, or against any past, present or future shareholder, officer or director, as such, of the General Partner, in its capacity as general partner of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of this Security by the Holder thereof and as part of the consideration for the issue of the Securities of this series.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed under its corporate seal.

Dated: 1

HCN CANADIAN HOLDINGS-1 LP, by its general partner HCN Canadian Holdings GP-1 Ltd.

By: _____
Name:
Title:

ENDORSEMENT OF THE GUARANTOR

The Guarantor does hereby fully and unconditionally guarantee the payment of principal, interest and certain other amounts on the Notes in accordance with Section 2.1(c) of the Supplemental Indenture, and as set out in Article 5 of the Base Indenture. This endorsement is intended to be attached to the Global Note and, when so attached, shall constitute an endorsement thereof.

Dated: _____

WELLTOWER INC.

Per: _____

Name: _____

Title: _____

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Trustee

By: _____
Authorized Signatory

[Form of Reverse of Security]

1. General. This Security is one of a duly authorized issue of securities of the Issuer (herein called the “**Securities**”), issued and to be issued in one or more series under an Indenture, dated as of November 25, 2015 (as amended, supplemented or otherwise modified from time to time, the “**Base Indenture**”), as supplemented by First Supplemental Indenture, dated as of November 25, 2015 (as amended, supplemented or otherwise modified from time to time, the “**Supplemental Indenture**” and the Base Indenture, as supplemented by such Supplemental Indenture, the “**Indenture**”), among the Issuer, the Guarantor and BNY Trust Company of Canada, as Trustee (herein called the “**Trustee**,” which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Guarantor, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

2. Optional Redemption. The Securities of this series are subject to redemption, at any time or from time to time, as a whole or in part, at the election of the Issuer upon not less than 15 nor more than 30 days’ notice transmitted to each Holder. If the Securities are redeemed prior to maturity the redemption price will equal the greater of (i) 100% of the principal amount of the Securities (or portion of such Notes) being redeemed, and (ii) the Canada Yield Price, in each case plus accrued and unpaid interest thereon to the date of redemption.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

3. Defeasance. The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

4. Defaults and Remedies. If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

5. Actions of Holders. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Obligors and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Obligors and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Obligors with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than a majority in principal amount of the Securities of this series at the time Outstanding shall have made written request to the

Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

6. Payments Not Impaired. No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

7. Denominations, Transfer, Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of Cdn\$1,000 and any integral multiple of Cdn\$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

8. Persons Deemed Owners. Prior to due presentment of this Security for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

9. Defined Terms. All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

10. Governing Law. The Indenture and the Note shall be deemed to be a contract made under the laws of the Province of Ontario, and for all purposes shall be construed in accordance with the laws of said province, except for Article 5 of the Base Indenture and Section 2.1(c) of the Supplemental Indenture, which shall be construed in accordance with the laws of the state of New York.

11. CUSIP Number. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the correctness or accuracy of such CUSIP numbers as printed on the Securities, and reliance may be placed only on the other identification numbers printed hereon.

REGISTRATION PANEL

(No writing hereon except by the Trustee)

Date of Registry	In Whose Name Registered	Signature of Trustee
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NOTATION OF PARTIAL REDEMPTIONS

(No writing hereon except by the Trustee)

Date \ Amount Redeemed \ Balance of Principal Amount Unpaid \ Signature of Trustee

[ASSIGNMENT FORM]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common		UNIF GIFT MIN ACT --	_____ Custodian _____
TEN ENT --	as tenants by the entireties		(Cust)	(Minor)
JT TEN --	as joint tenants with right of survivorship	and not as tenants in common		Under Uniform Gifts to Minors Act
				(State) _____

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

the within security and all rights thereunder, hereby irrevocably constituting and appointing _____ Attorney to transfer said security on the books of the Issuer with full power of substitution in the premises.

Dated: _____

Signed: _____

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within security in every particular, without alteration or enlargement or any change whatever.

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

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

(dollars in thousands)	Year Ended December 31,				
	2011	2012	2013	2014	2015
Earnings:					
Pretax income from continuing operations before adjustment for income or loss from equity investees ⁽¹⁾	\$ 112,203	\$ 185,912	\$ 102,245	\$ 384,213	\$ 636,117
Fixed charges	290,240	359,947	460,918	485,762	498,253
Capitalized interest	(13,164)	(9,777)	(6,700)	(7,150)	(8,670)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,905	11,395	4,142	2,427	2,586
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	4,894	2,415	6,770	(147)	(4,799)
Earnings	\$ 408,078	\$ 549,892	\$ 567,375	\$ 865,105	\$ 1,123,487
Fixed charges:					
Interest expense ⁽¹⁾	\$ 290,981	\$ 361,565	\$ 458,360	\$ 481,039	\$ 492,169
Capitalized interest	13,164	9,777	6,700	7,150	8,670
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,905)	(11,395)	(4,142)	(2,427)	(2,586)
Fixed charges	\$ 290,240	\$ 359,947	\$ 460,918	\$ 485,762	\$ 498,253
Consolidated ratio of earnings to fixed charges	1.41	1.53	1.23	1.78	2.25
Earnings:					
Pretax income from continuing operations before adjustment for income or loss from equity investees ⁽¹⁾	\$ 112,203	\$ 185,912	\$ 102,245	\$ 384,213	\$ 636,117
Fixed charges	290,240	359,947	460,918	485,762	498,253
Capitalized interest	(13,164)	(9,777)	(6,700)	(7,150)	(8,670)
Amortized premiums, discounts and capitalized expenses related to indebtedness	13,905	11,395	4,142	2,427	2,586
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges	4,894	2,415	6,770	(147)	(4,799)
Earnings	\$ 408,078	\$ 549,892	\$ 567,375	\$ 865,105	\$ 1,123,487
Fixed charges:					
Interest expense ⁽¹⁾	\$ 290,981	\$ 361,565	\$ 458,360	\$ 481,039	\$ 492,169
Capitalized interest	13,164	9,777	6,700	7,150	8,670
Amortized premiums, discounts and capitalized expenses related to indebtedness	(13,905)	(11,395)	(4,142)	(2,427)	(2,586)
Fixed charges	290,240	359,947	460,918	485,762	498,253
Preferred stock dividends	60,502	69,129	66,336	65,408	65,406
Combined fixed charges and preferred stock dividends	\$ 350,742	\$ 429,076	\$ 527,254	\$ 551,170	\$ 563,659
Consolidated ratio of earnings to combined fixed charges and preferred stock dividends	1.16	1.28	1.08	1.57	1.99

(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.

Subsidiary Name	Jurisdiction of Organization
0722548 B.C. Ltd.	British Columbia
1 Sutphin Drive Associates, LLC	West Virginia
10 Devon Drive Acton LLC	Delaware
100 Knoedler Road, LLC	Delaware
1000 Aston Gardens Drive, LLC	Delaware
101 Bickford Extension Avon LLC	Delaware
101 Membership Company of Maryland, Inc.	Maryland
101 Membership Company of West Virginia, Inc.	West Virginia
101 Membership Holding Company I of Pennsylvania, Inc.	Pennsylvania
101052983 Saskatchewan Ltd.	Saskatchewan
1011 E. Pecan Grove Road, LLC	Delaware
10225 Cypresswood Drive, LLC	Delaware
10475 Wilshire Boulevard Borrower, LLC	Delaware
10475 Wilshire Boulevard, LLC	Delaware
10600 East 13th Street North, LLC	Delaware
111 Lazelle Road East, LLC	Delaware
111 South Shore Drive East Haven LLC	Delaware
1110 E. Westview Court, LLC	Delaware
1111 W. College Parkway, LLC	Delaware
1118 N. Stoneman Avenue, LLC	Delaware
11320 North Council Road, LLC	Delaware
1133 Black Rock Road, LLC	Delaware
1160 Elm Street Rocky Hill LLC	Delaware
1160 Main Street Leominster LLC	Delaware
1185 Davidson Road, LLC	Delaware
1205 North Church Street, LLC	Delaware
1221 Seventh Street, LLC	Delaware
1231356 Ontario Limited	Ontario
12429 Scofield Farms Drive, LLC	Delaware
1250 West Pioneer Parkway, LLC	Delaware
126 Smith Street Waltham LLC	Delaware
12951 W. Linebaugh Avenue, LLC	Delaware
130 Buena Vista Street, LLC	Delaware
1301489 Ontario Limited	Ontario
13075 Evening Creek Drive South, LLC	Delaware
1311 Aston Gardens Court, LLC	Delaware
1312417 Ontario Limited	Ontario
132 Warwick Road, LLC	Delaware
13200 South May Avenue, LLC	Delaware
1329 Brown Street, LLC	Delaware
1340 N. Washington Boulevard, LLC	Delaware
1405 Limekiln Pike, LLC	Delaware
1425 Yorkland Road LLC	Delaware
143 West Franklin Avenue, LLC	Delaware
1460 Johnson Ferry Road, LLC	Delaware
14707 Northville Road, LLC	Delaware
15 Edison Road, LLC	Delaware
1500 Borden Road, LLC	Delaware
1528670 Ontario Limited	Ontario
153 Cardinal Drive Agawam LLC	Delaware
1530 Needmore Holdings, LLC	Delaware
15401 North Pennsylvania Avenue, LLC	Delaware
155 Raymond Road, LLC	Delaware
1565 Virginia Ranch Road, LLC	Delaware
157 South Street Plymouth LLC	Delaware
1574 Creekside Drive Folsom, LLC	California
1600 Center Road, LLC	Delaware
1710 S.W. Health Parkway, LLC	Delaware
1730 10 Avenue Property Inc.	British Columbia
1785 Freshley Avenue, LLC	Delaware
180 Scott Road Waterbury LLC	Delaware
1818 Martin Drive, LLC	Delaware
1850 Crown Park Court, LLC	Delaware
1920 Cleveland Road West, LLC	Delaware
1931 Southwest Arvon Place, LLC	Delaware
1936 Brookdale Road, LLC	Delaware
199 Chelmsford Street Chelmsford LLC	Delaware
2 Technology Drive North Chelmsford LLC	Delaware
20 Academy Lane LLC	Delaware
20 Charnstaffe Lane Billerica LLC	Delaware
2003 Falls Boulevard Quincy LLC	Delaware
2005 Route 22 West, LLC	Delaware
2021 Highway 35, LLC	Delaware
2035244 Ontario Inc.	Ontario
2050 North Webb Road, LLC	Delaware
209 Merriman Road, L.L.C.	Delaware
21 Bradley Road Woodbridge LLC	Delaware
2101 New Hope Street, LLC	Delaware
2118 Greenspring, LLC	Delaware
2151 Green Oaks Road, LLC	Delaware
22 Richardson Road Centerville LLC	Delaware
220 North Clark Drive, LLC	Delaware

222 East Beech Street - Jefferson, L.L.C.	Delaware
2281 Country Club Drive, LLC	Delaware
22955 Eastex Freeway, LLC	Delaware
2300 Washington Street Newton LLC	Delaware
231 Courtyard Boulevard, LLC	Delaware
2325 Rockwell Drive, LLC	Delaware
2340829 Ontario Inc.	Ontario
2340830 Ontario Inc.	Ontario
2387 Boston Road Wilbraham LLC	Delaware
240 E. Third Street, LLC	Delaware
2419 North Euclid Avenue Upland, LLC	California
242 Main Street Salem LLC	Delaware
246A Federal Road Brookfield LLC	Delaware
25 Cobb Street Mansfield LLC	Delaware
254 Amesbury Road Haverhill LLC	Delaware
2695 Valleyview Boulevard, LLC	Delaware
27 Forest Falls Drive Yarmouth LLC	Delaware
27 Woodvale Road, LLC	Delaware
2750 Reservoir Avenue Trumbull LLC	Delaware
280 Newtonville Avenue Newton LLC	Delaware
2800 60th Avenue West, LLC	Delaware
2860 Country Drive, LLC	Delaware
2929 West Holcombe Boulevard, LLC	Delaware
300 Pleasant Street Concord LLC	Delaware
300 St. Albans Drive, LLC	Delaware
303 Valley Road Middletown LLC	Delaware
311 E. Hawkins Parkway, LLC	Delaware
311 Main Street Shrewsbury LLC	Delaware
311 Route 73, LLC	Delaware
3117 E. Chaser Lane, LLC	Delaware
3213 45th Street Court NW, LLC	Washington
3220 Peterson Road, LLC	Delaware
3300 57 Avenue Property Inc.	British Columbia
331 Holt Lane Associates, LLC	West Virginia
340 May Street Worcester LLC	Delaware
35 Fenton Street, LLC	Delaware
35 Hamden Hills Drive Hamden LLC	Delaware
350 Locust Drive, LLC	Delaware
3535 Manchester Avenue Borrower, LLC	Delaware
3535 Manchester Avenue, LLC	Delaware
3535 N. Hall Street, LLC	Delaware
36101 Seaside Boulevard, LLC	Delaware
3650 Southeast 18th Avenue, LLC	Delaware
369 East Mount Pleasant Avenue, LLC	Delaware
3902 47 Street Property Inc.	British Columbia
4 Forge Hill Road Franklin LLC	Delaware
4004 40 Street Property Inc.	British Columbia
402 South Colonial Drive, LLC	Delaware
405 Bedford LLC	Delaware
41 Springfield Avenue, LLC	Delaware
415 Bedford LLC	Delaware
415 Sierra College Drive, LLC	Delaware
416 Bedford LLC	Delaware
417 Main Street Niantic LLC	Delaware
4206 Stammer Place, LLC	Delaware
422 23rd Street Associates, LLC	West Virginia
430 Centre Street Newton LLC	Delaware
430 North Union Road, LLC	Delaware
4310 Bee Cave Road, LLC	Delaware
4315 Johns Creek Parkway, LLC	Delaware
432 Buckland Road South Windsor LLC	Delaware
435 Bedford LLC	Delaware
438 23rd Street Associates, LLC	West Virginia
4400 West 115th Street, LLC	Delaware
4402 South 129th Avenue West, LLC	Delaware
4500 Dorr Street Holdings, LLC	Delaware
4775 Village Drive, LLC	Delaware
4800 Aston Gardens Way, LLC	Delaware
4855 Snyder Lane, LLC	Delaware
5 Corporate Drive Bedford LLC	Delaware
5 Rolling Meadows Associates, LLC	West Virginia
50 Sutherland Road Brighton LLC	Delaware
50 Town Court, LLC	Delaware
500 Seven Fields Boulevard, LLC	Delaware
504 North River Road, LLC	Delaware
505 North Maize Road, LLC	Delaware
511 Kensington Avenue Meriden LLC	Delaware
515 Jack Martin Boulevard, LLC	Delaware
5165 Summit Ridge Court, LLC	Delaware
5166 Spanson Drive SE, LLC	Delaware
5301 Creedmoor Road, LLC	Delaware
5430 37A Avenue Property Inc.	British Columbia
5455 Glenridge Drive, NE, LLC	Delaware
5521 Village Creek Drive, LLC	Delaware
5550 Old Jacksonville Highway, LLC	Delaware
557140 B.C. Ltd.	British Columbia

5600 Sunrise Crescent Property Inc.	British Columbia
5700 Karl Road, LLC	Delaware
5902 North Street, LLC	Delaware
5999 N. University Drive, LLC	Delaware
616 Lilly Road NE, LLC	Washington
640 Danbury Road Ridgefield LLC	Delaware
645 Saybrook Road Middletown LLC	Delaware
655 Mansell Road, LLC	Delaware
660 7 Street Property Inc.	British Columbia
6605 Quail Hollow Road, LLC	Delaware
674 West Hollis Street Nashua LLC	Delaware
680 Mountain Boulevard, LLC	Delaware
6821 50 Avenue Property Inc.	British Columbia
687 Harbor Road Shelburne LLC	Delaware
6949 Main Street, LLC	Delaware
699 South Park Associates, LLC	West Virginia
700 Chickering Road North Andover LLC	Delaware
700 Smith Street Providence LLC	Delaware
7001 Forest Avenue, LLC	Delaware
701 Market Street, LLC	Delaware
721 Hickory Street, LLC	Delaware
7231 East Broadway, LLC	Delaware
7278 Rosemount Circle, LLC	Delaware
731 Old Buck Lane, LLC	Delaware
75 Minnesota Avenue Warwick LLC	Delaware
750 North Collegiate Drive, LLC	Delaware
7610 Isabella Way, LLC	Delaware
77 Plains Road LLC	Delaware
7900 Creedmoor Road, LLC	Delaware
7902 South Mingo Road East, LLC	Delaware
7950 Baybranch Drive, LLC	Delaware
799 Yellowstone Drive, LLC	Delaware
800 Canadian Trails Drive, LLC	Delaware
800 Oregon Street, LLC	Delaware
8010 East Mississippi Avenue, LLC	Delaware
8220 Natures Way, LLC	Delaware
831 Santa Barbara Boulevard, LLC	Delaware
867 York Road Associates, LLC	Pennsylvania
9 Summer Street Danvers LLC	Delaware
90 Avenue S.W. Property Inc.	British Columbia
90 West Avenue, LLC	Delaware
901 Florsheim Drive, LLC	Delaware
9108-9458 Quebec Inc.	Quebec
9128-6757 Quebec Inc.	Quebec
9131-6844 Quebec Inc.	Quebec
9168-0215 Quebec Inc.	Quebec
9188-4502 Quebec Inc.	Quebec
9189-2042 Quebec Inc.	Quebec
935 Union Lake Road, LLC	Delaware
965 Hager Drive, LLC	Delaware
9802 48th Drive NE, LLC	Delaware
Aberdeen Commercial Center Association, Inc.	Florida
Acacia Lodge Ltd	Island of Jersey
Acacia Mews Ltd	Island of Jersey
Academy Nursing Home, Inc.	Massachusetts
Acer Court Ltd	Island of Jersey
Acer House Ltd	Island of Jersey
Acorn Lodge Ltd	Island of Jersey
ADS/Multicare, Inc.	Delaware
AL California GP, LLC	Delaware
AL California GP-II, LLC	Delaware
AL California GP-III, LLC	Delaware
AL Santa Monica Senior Housing, LP	Delaware
AL U.S. Development Venture, LLC	Delaware
AL U.S. Pool One, LLC	Delaware
AL U.S. Pool Three, LLC	Delaware
AL U.S. Pool Two, LLC	Delaware
AL U.S./Bonita II Senior Housing, L.P.	California
AL U.S./GP Woods II Senior Housing, LLC	Delaware
AL U.S./Huntington Beach Senior Housing, L.P.	California
AL U.S./LaJolla II Senior Housing, L.P.	California
AL U.S./LaPalma II Senior Housing, L.P.	California
AL U.S./Playa Vista Senior Housing, L.P.	California
AL U.S./Sacramento II Senior Housing, L.P.	California
AL U.S./San Gabriel Senior Housing, L.P.	California
AL U.S./Seal Beach Senior Housing, L.P.	California
AL U.S./Studio City Senior Housing, L.P.	California
AL U.S./Woodland Hills Senior Housing, L.P.	California
Alberta Acres Facility Inc.	Ontario
Alex & Main, L.P.	Indiana
AMCO I, LLC	Wisconsin
Amherst View (Bath Road) Facility Inc.	Ontario
Apple Valley Operating Corp.	Massachusetts
ARC Denver Monaco, LLC	Delaware
ARC Minnetonka, LLC	Delaware
ARC Overland Park, LLC	Delaware

ARC Roswell, LLC	Delaware
ARC Sun City West, LLC	Delaware
ARC Tanglewood, LLC	Delaware
ARC Tucson, LLC	Delaware
Arcadia Associates	Massachusetts
Arnprior Villa Facility Inc.	Ontario
ASL, Inc.	Massachusetts
AU-HCU Holdings, LLC	Delaware
Aurora Propco 1 Limited	United Kingdom
Aurora Propco 2 Limited	United Kingdom
Badger RE Portfolio I, LLC	Wisconsin
Badger RE Portfolio II, LLC	Wisconsin
Badger RE Portfolio III, LLC	Wisconsin
Badger RE Portfolio IV, LLC	Wisconsin
Badger RE Portfolio V, LLC	Wisconsin
BAL Colts Neck LLC	Delaware
BAL Fenwick Island LLC	Delaware
BAL Governor's Crossing LLC	Delaware
BAL Holdings I, LLC	Delaware
BAL Holdings II, LLC	Delaware
BAL Holdings III, LLC	Delaware
BAL Holdings VII, LLC	Delaware
BAL Howell LLC	Delaware
BAL Longwood LLC	Pennsylvania
BAL Reflections LLC	Delaware
BAL Savoy Little Neck LLC	Delaware
BAL Sycamore LLC	Delaware
BAL Toms River LLC	Delaware
Ballard Healthcare Investors, LLC	Delaware
Bardstown Physicians LLC	Delaware
Baton Rouge LA Senior Living Owner, LLC	Delaware
Bayfield Court Operations Limited	United Kingdom
Bel Air Healthcare Investors, LLC	Delaware
Bel Air Property Development, LLC	Delaware
Bellevue Healthcare Properties, LLC	Delaware
Bellevue Physicians, LLC	Delaware
Belmont Village Buckhead Tenant, LLC	Delaware
Belmont Village Buffalo Grove Tenant, LLC	Delaware
Belmont Village Buffalo Grove, L.L.C.	Delaware
Belmont Village Burbank Tenant, LLC	Delaware
Belmont Village Burbank, LLC	Delaware
Belmont Village California Holdings, L.L.C.	Delaware
Belmont Village Cardiff Tenant, LLC	Delaware
Belmont Village Carol Stream, L.L.C.	Delaware
Belmont Village Encino Tenant, LLC	Delaware
Belmont Village Encino, LLC	Delaware
Belmont Village Geneva Road Tenant, LLC	Delaware
Belmont Village Glenview Tenant, LLC	Delaware
Belmont Village Glenview, L.L.C.	Delaware
Belmont Village Green Hills Tenant, LLC	Delaware
Belmont Village Hollywood Tenant, LLC	Delaware
Belmont Village Hollywood, LLC	Delaware
Belmont Village Johns Creek Tenant, LLC	Delaware
Belmont Village Landlord 3, LLC	Delaware
Belmont Village Landlord, LLC	Delaware
Belmont Village Memphis Tenant, LLC	Delaware
Belmont Village Oak Park Tenant, LLC	Delaware
Belmont Village Oak Park, L.L.C.	Delaware
Belmont Village Rancho Palos Verdes Tenant, LLC	Delaware
Belmont Village RPV, LLC	Delaware
Belmont Village Sabre Springs Tenant, LLC	Delaware
Belmont Village San Jose Tenant, LLC	Delaware
Belmont Village San Jose, LLC	Delaware
Belmont Village St. Matthews Tenant, LLC	Delaware
Belmont Village St. Matthews, L.L.C.	Delaware
Belmont Village Sunnyvale Tenant, LLC	Delaware
Belmont Village Sunnyvale, LLC	Delaware
Belmont Village Tenant 2, LLC	Delaware
Belmont Village Tenant 3, LLC	Delaware
Belmont Village Tenant, LLC	Delaware
Belmont Village Turtle Creek Tenant, LLC	Delaware
Belmont Village West Lake Hills Tenant, LLC	Delaware
Belmont Village West University Tenant, LLC	Delaware
Belmont Village Westwood Tenant, LLC	Delaware
Benchmark Investments X LLC	Delaware
Benchmark Investments XI LLC	Delaware
Benchmark Investments XII LLC	Delaware
Berkeley Haven Limited Partnership	West Virginia
Berks Nursing Homes, Inc.	Pennsylvania
Bettendorf Physicians, LLC	Delaware
BKD-HCN Landlord, LLC	Delaware
BKD-HCN Tenant, LLC	Delaware
Bloomfield South MI Senior Living Owner, LLC	Delaware
Boardman Physicians LLC	Delaware
Boulder Assisted Living, L.L.C.	Delaware
Brandall Central Avenue, LLC	Delaware

Brewer Holdco, Inc.	Delaware
Breyut Convalescent Center, L.L.C.	New Jersey
Brierbrook Partners, LLC	Tennessee
Brinton Manor, Inc.	Delaware
Brockport Operations, Inc.	Virginia
Brockport Tenant, LLC	Delaware
Brockville Facility Inc.	Ontario
Brooklyn Healthcare Investors, LLC	Delaware
Broomfield CO Senior Living Owner, LLC	Delaware
BSL Huntington Terrace LLC	Delaware
Buckhead GA Senior Living Owner, LLC	Delaware
Burlington Woods Convalescent Center, Inc.	New Jersey
Burnsville Healthcare Properties, LLC	Delaware
Bushey Property Holdings S.a.r.l.	Luxembourg
B-X Agawam LLC	Delaware
B-X Avon LLC	Delaware
B-X Brighton LLC	Delaware
B-X Brookfield LLC	Delaware
B-X Centerville LLC	Delaware
B-X Concord LLC	Delaware
B-X Danvers LLC	Delaware
B-X East Haven LLC	Delaware
B-X Hamden LLC	Delaware
B-X Mansfield LLC	Delaware
B-X Meriden LLC	Delaware
B-X Middletown CT LLC	Delaware
B-X Middletown RI LLC	Delaware
B-X Milford LLC	Delaware
B-X Mystic LLC	Delaware
B-X Newton LLC	Delaware
B-X Newton Lower Falls LLC	Delaware
B-X Newtonville LLC	Delaware
B-X Niantic LLC	Delaware
B-X North Andover LLC	Delaware
B-X North Chelmsford LLC	Delaware
B-X Operations Holding Company LLC	Delaware
B-X Providence LLC	Delaware
B-X Quincy LLC	Delaware
B-X Rocky Hill LLC	Delaware
B-X Salem LLC	Delaware
B-X Shelburne LLC	Delaware
B-X South Windsor LLC	Delaware
B-X Trumbull LLC	Delaware
B-X Warwick LLC	Delaware
B-X Waterbury LLC	Delaware
B-X Wilbraham LLC	Delaware
B-X Willows Cottages LLC	Delaware
B-X Willows Cottages Trustee LLC	Delaware
B-X Woodbridge LLC	Delaware
B-X Worcester LLC	Delaware
B-X Yarmouth LLC	Delaware
B-XI Acton LLC	Delaware
B-XI Bedford LLC	Delaware
B-XI Franklin LLC	Delaware
B-XI Operations Holding Company LLC	Delaware
B-XII Billerica LLC	Delaware
B-XII Chelmsford LLC	Delaware
B-XII Danvers LLC	Delaware
B-XII Haverhill LLC	Delaware
B-XII Leominster LLC	Delaware
B-XII Nashua LLC	Delaware
B-XII Operations Holding Company LLC	Delaware
B-XII Plymouth LLC	Delaware
B-XII Ridgefield LLC	Delaware
B-XII Shrewsbury LLC	Delaware
B-XII Waltham LLC	Delaware
CAL-GAT Limited Partnership	Florida
CAL-LAK Limited Partnership	Florida
Camelia Care Limited	United Kingdom
Canoga Park Assisted Living L.L.C.	Delaware
Canterbury of Shepherdstown Limited Partnership	West Virginia
Cassils Road West Property Inc.	British Columbia
Castle Rock Healthcare Investors, LLC	Delaware
Catonsville Meridian Limited Partnership	Maryland
CC3 Acquisition TRS Corp.	Delaware
CC3 Acquisition, LLC	Delaware
CC3 Facility Owner GP, LLC	Delaware
CC3 Facility Owner Holding, LLC	Delaware
CC3 MEZZ A, LLC	Delaware
CC3 MEZZ B, LLC	Delaware
CC3 MEZZ C, LLC	Delaware
CC3 MEZZ D, LLC	Delaware
CC3 MEZZ E, LLC	Delaware
Churchill Facility Inc.	Ontario
Cincinnati Physicians, LLC	Delaware
Claremont Facility Inc.	Ontario

Cliftonville Ltd	Island of Jersey
Colson & Colson Limited	United Kingdom
Columbia Boulevard West Property Inc.	British Columbia
Compassus Management Holdings, LLC	Delaware
Concord Health Group, Inc.	Delaware
Congress Professional Center Property Owners Association, Inc.	Florida
Coon Rapids Healthcare Investors, LLC	Delaware
Cooper Holding, LLC	Florida
Cooper, LLC	Delaware
CPF Landlord, LLC	Delaware
Crestview Convalescent Home, Inc.	Pennsylvania
Crestview North, Inc.	Pennsylvania
CRP/BWN Litchfield, L.L.C.	Delaware
CSH-HCN (Alexander) Inc.	Ontario
CSH-HCN (Avondale) Inc.	Ontario
CSH-HCN (Belcourt) Inc.	Ontario
CSH-HCN (Christopher) Inc.	Ontario
CSH-HCN (Fountains) Inc.	Ontario
CSH-HCN (Gordon) Inc.	Ontario
CSH-HCN (Heritage) Inc.	Ontario
CSH-HCN (Kingsville) Inc.	Ontario
CSH-HCN (Lansing) Inc.	Ontario
CSH-HCN (Leamington) Inc.	Ontario
CSH-HCN (Livingston) Inc.	Ontario
CSH-HCN (Marquis) Inc.	Ontario
CSH-HCN (McConnell) Inc.	Ontario
CSH-HCN (Pines) Inc.	Ontario
CSH-HCN (Rideau) Inc.	Ontario
CSH-HCN (Royalcliff) Inc.	Ontario
CSH-HCN (Scarlett) Inc.	Ontario
CSH-HCN (Tranquility) Inc.	Ontario
CSH-HCN Lessee (Alexander) GP Inc.	Ontario
CSH-HCN Lessee (Alexander) LP	Ontario
CSH-HCN Lessee (Archer) GP Inc.	Ontario
CSH-HCN Lessee (Archer) LP	Ontario
CSH-HCN Lessee (Avondale) GP Inc.	Ontario
CSH-HCN Lessee (Avondale) LP	Ontario
CSH-HCN Lessee (Belcourt) GP Inc.	Ontario
CSH-HCN Lessee (Belcourt) LP	Ontario
CSH-HCN Lessee (Boulogne) GP Inc.	Ontario
CSH-HCN Lessee (Boulogne) LP	Ontario
CSH-HCN Lessee (Chicoutimi) GP Inc.	Ontario
CSH-HCN Lessee (Chicoutimi) LP	Ontario
CSH-HCN Lessee (Christopher) GP Inc.	Ontario
CSH-HCN Lessee (Christopher) LP	Ontario
CSH-HCN Lessee (Ecores) GP Inc.	Ontario
CSH-HCN Lessee (Ecores) LP	Ontario
CSH-HCN Lessee (Fountains) GP Inc.	Ontario
CSH-HCN Lessee (Fountains) LP	Ontario
CSH-HCN Lessee (Giffard) GP Inc.	Ontario
CSH-HCN Lessee (Giffard) LP	Ontario
CSH-HCN Lessee (Gordon) GP Inc.	Ontario
CSH-HCN Lessee (Gordon) LP	Ontario
CSH-HCN Lessee (Harmonie) GP Inc.	Ontario
CSH-HCN Lessee (Harmonie) LP	Ontario
CSH-HCN Lessee (Heritage) GP Inc.	Ontario
CSH-HCN Lessee (Heritage) LP	Ontario
CSH-HCN Lessee (Imperial) GP Inc.	Ontario
CSH-HCN Lessee (Imperial) LP	Ontario
CSH-HCN Lessee (Jonquiere) GP Inc.	Ontario
CSH-HCN Lessee (Jonquiere) LP	Ontario
CSH-HCN Lessee (Kingsville) GP Inc.	Ontario
CSH-HCN Lessee (Kingsville) LP	Ontario
CSH-HCN Lessee (Lachine) GP Inc.	Ontario
CSH-HCN Lessee (Lachine) LP	Ontario
CSH-HCN Lessee (Lansing) GP Inc.	Ontario
CSH-HCN Lessee (Lansing) LP	Ontario
CSH-HCN Lessee (l'Atrium) GP Inc.	Ontario
CSH-HCN Lessee (l'Atrium) LP	Ontario
CSH-HCN Lessee (Laviolette) GP Inc.	Ontario
CSH-HCN Lessee (Laviolette) LP	Ontario
CSH-HCN Lessee (Leamington) GP Inc.	Ontario
CSH-HCN Lessee (Leamington) LP	Ontario
CSH-HCN Lessee (l'Ermitage) GP Inc.	Ontario
CSH-HCN Lessee (l'Ermitage) LP	Ontario
CSH-HCN Lessee (L'Estrie) GP Inc.	Ontario
CSH-HCN Lessee (L'Estrie) LP	Ontario
CSH-HCN Lessee (Livingston) GP Inc.	Ontario
CSH-HCN Lessee (Livingston) LP	Ontario
CSH-HCN Lessee (Marquis) GP Inc.	Ontario
CSH-HCN Lessee (Marquis) LP	Ontario
CSH-HCN Lessee (McConnell) GP Inc.	Ontario
CSH-HCN Lessee (McConnell) LP	Ontario
CSH-HCN Lessee (Notre-Dame) GP Inc.	Ontario
CSH-HCN Lessee (Notre-Dame) LP	Ontario

CSH-HCN Lessee (Pines) GP Inc.	Ontario
CSH-HCN Lessee (Pines) LP	Ontario
CSH-HCN Lessee (Pointe-aux-Trembles) GP Inc.	Ontario
CSH-HCN Lessee (Pointe-aux-Trembles) LP	Ontario
CSH-HCN Lessee (Renaissance) GP Inc.	Ontario
CSH-HCN Lessee (Renaissance) LP	Ontario
CSH-HCN Lessee (Rideau) GP Inc.	Ontario
CSH-HCN Lessee (Rideau) LP	Ontario
CSH-HCN Lessee (Rive-Sud) GP Inc.	Ontario
CSH-HCN Lessee (Rive-Sud) LP	Ontario
CSH-HCN Lessee (Royalcliff) GP Inc.	Ontario
CSH-HCN Lessee (Royalcliff) LP	Ontario
CSH-HCN Lessee (Saguenay) GP Inc.	Ontario
CSH-HCN Lessee (Saguenay) LP	Ontario
CSH-HCN Lessee (Saint-Jerome) GP Inc.	Ontario
CSH-HCN Lessee (Saint-Jerome) LP	Ontario
CSH-HCN Lessee (Scarlett) GP Inc.	Ontario
CSH-HCN Lessee (Scarlett) LP	Ontario
CSH-HCN Lessee (Tranquility) GP Inc.	Ontario
CSH-HCN Lessee (Tranquility) LP	Ontario
CSH-HCN Lessee (Trembles) GP Inc.	Ontario
CSH-HCN Lessee (Trembles) LP	Ontario
CSH-HCN Lessee (Wellesley) GP Inc.	Ontario
CSH-HCN Lessee (Wellesley) LP	Ontario
Cumberland Associates of Rhode Island, L.P.	Delaware
CW Property Inc.	British Columbia
Dawn HoldCo II Limited	Island of Jersey
Dawn HoldCo Limited	Island of Jersey
Dawn Limited Partnership	Island of Jersey
Dawn Opco II Limited	United Kingdom
Dawn Opco Limited	United Kingdom
DELM Nursing, Inc.	Pennsylvania
Denver Tenant, LLC	Delaware
DePaul Physicians, LLC	Delaware
Derby House Ltd	Island of Jersey
Dover ALF, LLC	Delaware
Dover Health Care Associates, Inc.	Delaware
DRF Bardstowm LLC	Minnesota
DRF Boardman LLC	Minnesota
DRF Bridgeton LLC	Minnesota
DRF Durango LLC	Minnesota
DRF Fenton LLC	Minnesota
DRF Gig Harbor LLC	Minnesota
DRF Great Falls LLC	Minnesota
DRF Lakewood LLC	Minnesota
DRF Lenexa LLC	Minnesota
DRF Lincoln LLC	Minnesota
DRF LSL LLC	Minnesota
DRF Merriam LLC	Minnesota
DRF Monticello Medical Building LLC	Minnesota
DRF Oklahoma City LLC	Minnesota
DRF Shawnee Mission LLC	Minnesota
DRF South Valley LLC	Minnesota
DRF Southwest Medical Building LLC	Minnesota
DRF Westminster LLC	Minnesota
DSG-2010 Loans I, Inc.	Delaware
DSL Landlord, LLC	Delaware
DSL Tenant, LLC	Delaware
Dublin Senior Community DRV, LLC	Oklahoma
Dublin Senior Community WPP, LLC	Oklahoma
East Meadow A.L., LLC	Delaware
Easton Meridian Limited Partnership	Maryland
Edella Street Associates	Pennsylvania
Edgemont Facility Inc.	Ontario
Edison NJ Propco, LLC	Delaware
Element Acquisition Sub. 3, LLC	Delaware
Encare of Mendham, L.L.C.	New Jersey
Encare of Pennypack, Inc.	Pennsylvania
Encare of Quakertown, Inc.	Pennsylvania
Encare of Wyncote, Inc.	Pennsylvania
EPOCH at Hingham Subtenant, LLC	Delaware
EPOCH at Wellesley Subtenant, LLC	Delaware
EPOCH at Westford Subtenant, LLC	Delaware
EPOCH Landlord, LLC	Delaware
EPOCH Tenant, LLC	Delaware
Faribault Assisted Living, LLC	Minnesota
FC Compassus, LLC	Delaware
FC PAC Holdings, LLC	Delaware
FC Trident Investment, LLC	Delaware
FC Trident, LLC	Delaware
FCA Finance B Secured Party, LLC	Delaware
FC-GEN Acquisition Holding, LLC	Delaware
FC-GEN Acquisition, Inc.	Delaware
FC-GEN Real Estate, LLC	Delaware
FC-JEN Leasing, LLC	Delaware
FCT Health Holdings, LLC	Delaware
FHC Mount Vernon LLC	Minnesota

Fieldgate Facility Inc.	Ontario
First Tower Holdco, LLC	Delaware
First Tower Insurance, LLC	Tennessee
FLA-PALM COURT Limited Partnership	Florida
Fleetwood Villa Facility Inc.	Ontario
Formax Health Holdings, LLC	Delaware
Frauenschuh Ballard LLC	Minnesota
Frauenschuh Burleson LLC	Delaware
Frauenschuh Greeneville LLC	Minnesota
Frauenschuh Harker Heights, LLC	Delaware
Frauenschuh HealthCare Properties II, LLC	Delaware
Frauenschuh HealthCare Properties III, LLC	Delaware
Frauenschuh HealthCare Properties, LLC	Delaware
Frauenschuh HealthCare Venture Properties, LLC	Delaware
Frauenschuh Jackson LLC	Minnesota
Frauenschuh Killeen LLC	Minnesota
Frauenschuh Panther Creek LLC	Minnesota
Frauenschuh Springfield LLC	Minnesota
Frauenschuh Tacoma LLC	Delaware
Frauenschuh Temple LLC	Delaware
G & L Tustin II, LLC	Delaware
G & L Tustin III, LLC	Delaware
G&L 4150 Regents LLC	Delaware
G&L 436 Bedford LLC	Delaware
G.P. Woods Assisted Living, LLC	Delaware
Gemini Davenport, LLC	Oklahoma
Gemini KC Land, L.L.C.	Oklahoma
Gemini Las Colinas, L.L.C.	Oklahoma
Gemini Romeoville, LLC	Oklahoma
Gemini SS Lessee, LLC	Oklahoma
Gemini Villa Ventura, L.L.C.	Oklahoma
Gemini Wexford, L.L.C.	Oklahoma
Genesis ElderCare Centers - Harston, Inc.	Pennsylvania
Genesis ElderCare Corp.	Delaware
Genesis Eldercare National Centers, Inc.	Florida
Genesis Health Ventures of Bloomfield, Inc.	Pennsylvania
Genesis Health Ventures of Clarks Summit, Inc.	Pennsylvania
Genesis Health Ventures of Massachusetts, Inc.	Pennsylvania
Genesis Health Ventures of Naugatuck, Inc.	Pennsylvania
Genesis Health Ventures of Salisbury, Inc.	Pennsylvania
Genesis Health Ventures of West Virginia, Inc.	Pennsylvania
Genesis Health Ventures of West Virginia, L.P.	Pennsylvania
Genesis Health Ventures of Wilkes-Barre, Inc.	Pennsylvania
Genesis HealthCare Centers Holdings, Inc.	Delaware
Genesis HealthCare Corporation	Pennsylvania
Genesis HealthCare Holding Company I, Inc.	Delaware
Genesis HealthCare Holding Company II, Inc.	Delaware
Genesis Meridian 7 Leasing Properties Limited Partnership, L.L.P.	Virginia
Genesis Meridian 7 Partnership Holding Company L.L.C.	Delaware
Genesis Properties of Delaware Corporation	Delaware
Genesis Properties of Delaware Ltd. Partnership, L.P.	Delaware
Genesis/Harbor, LLC	Delaware
Geriatric & Medical Companies, Inc.	Delaware
Geriatric and Medical Services, Inc.	New Jersey
Geri-Med Corp.	Pennsylvania
Gig Harbor Physicians, LLC	Delaware
Gilbert AZ Senior Living Owner, LLC	Delaware
Glenmark Associates - Dawnview Manor, Inc.	West Virginia
Glenmark Associates, Inc.	West Virginia
Glenmark Properties I, Limited Partnership	West Virginia
Glenmark Properties, Inc.	West Virginia
GMA - Uniontown, Inc.	Pennsylvania
GMA Partnership Holding Company, Inc.	West Virginia
GMA-Brightwood, Inc.	West Virginia
GMA-Madison, Inc.	West Virginia
Grace Lodge Care Holdings S.a.r.l.	Luxembourg
Grace Lodge Care Operating S.a.r.l.	Luxembourg
Grace Lodge Care S.a.r.l.	Luxembourg
Gracewell (Newmarket) Limited	United Kingdom
Gracewell Healthcare 1 Limited	United Kingdom
Gracewell Healthcare 2 Limited	United Kingdom
Gracewell Healthcare 3 Limited	United Kingdom
Gracewell Healthcare 4 Limited	United Kingdom
Gracewell Investment No.2 S.a.r.l.	Luxembourg
Gracewell Investment No.3 S.a.r.l.	Luxembourg
Gracewell Investment No.4 S.a.r.l.	Luxembourg
Gracewell Operations Holdings Limited	United Kingdom
Gracewell Properties (Abercorn) S.a.r.l.	Luxembourg
Gracewell Properties (Birmingham) S.a.r.l.	Luxembourg
Gracewell Properties (Church Crookham) S.a.r.l.	Luxembourg
Gracewell Properties (Fareham) S.a.r.l.	Luxembourg
Gracewell Properties (Frome) S.a.r.l.	Luxembourg
Gracewell Properties (Hamilton) S.a.r.l.	Luxembourg
Gracewell Properties (Horley) S.a.r.l.	Luxembourg
Gracewell Properties (Kentford) S.a.r.l.	Luxembourg
Gracewell Properties (Pines) S.a.r.l.	Luxembourg
Gracewell Properties (Salisbury) S.a.r.l.	Luxembourg

Gracewell Properties (Shelbourne) S.a.r.l.	Luxembourg
Gracewell Properties (Weymouth) S.a.r.l.	Luxembourg
Gracewell Properties Holding S.a.r.l.	Luxembourg
Grand Ledge I, LLC	Delaware
Greenville Healthcare Investors, LLC	Delaware
Greenspring Meridian Limited Partnership	Maryland
Groton Associates of Connecticut, L.P.	Delaware
GWC-Crestwood, Inc.	Virginia
GWC-Dix Hills, Inc.	Virginia
GWC-East Meadow, Inc.	Virginia
GWC-East Setauket, Inc.	Virginia
GWC-Glen Cove, Inc.	Virginia
GWC-Holbrook, Inc.	Virginia
GWC-Plainview, Inc.	Virginia
GWC-West Babylon, Inc.	Virginia
Habitation Domaine des Trembles Inc.	Quebec
Habitation Faubourg Giffard Inc.	Quebec
Hammes Company Green Bay I, LLC	Wisconsin
Hammes Company Green Bay II, LLC	Wisconsin
Hammonds Lane Meridian Limited Partnership	Maryland
Hanford Court Ltd	Island of Jersey
Harbor Crest Tenant, LLC	Delaware
Harnett Health Investors, LP	Virginia
Hawthorns Braintree Limited	United Kingdom
Hawthorns Clevedon Limited	United Kingdom
Hawthorns Eastbourne Limited	United Kingdom
Hawthorns Retirement Group UK Limited	United Kingdom
Hawthorns Retirement Management Limited	United Kingdom
Hawthorns Retirement UK Limited	United Kingdom
HBLR Operating, LLC	Delaware
HBLR/Bothell Operating, LLC	Delaware
HBLR/Burlington Operating, LLC	Delaware
HBLR/Edmonds Operating, LLC	Delaware
HBLR/Highland Park Operating, LLC	Delaware
HBLR/Lynnfield Operating, LLC	Delaware
HBLR/Northgate Operating, LLC	Delaware
HBLR/Randolph Operating, LLC	Delaware
HC Mill Creek I, LLC	Wisconsin
HC Redmond I, LLC	Wisconsin
HC Summit I, LLC	Wisconsin
HCN (Pembroke) Property Inc.	Wisconsin
HCN (Stonehaven) Property Inc.	British Columbia
HCN Access Holdings, LLC	British Columbia
HCN Access Las Vegas I, LLC	Delaware
HCN Canadian Holdings GP-1 Ltd.	Delaware
HCN Canadian Holdings LP-1 Ltd.	British Columbia
HCN Canadian Holdings-1 LP	British Columbia
HCN Canadian Investment-1 LP	Ontario
HCN Canadian Investment-4 LP	Ontario
HCN Canadian Investment-5 LP	Ontario
HCN Canadian Investment-5 ULC	Ontario
HCN Canadian Leasing (British Columbia) Ltd.	British Columbia
HCN Canadian Leasing Ltd.	British Columbia
HCN Canadian Leasing-2 Ltd.	British Columbia
HCN Canadian Leasing-3 Ltd.	British Columbia
HCN Canadian Leasing-4 Ltd.	British Columbia
HCN Canadian Management Services Ltd.	British Columbia
HCN Canadian Properties, Inc.	British Columbia
HCN Capital Holdings II, LLC	New Brunswick
HCN Capital Holdings, LLC	Delaware
HCN Development Services Group, Inc.	Delaware
HCN DownREIT Member GP, LLC	Indiana
HCN DownREIT Member JV, LP	Delaware
HCN DownREIT Member, LLC	Delaware
HCN DSL Member GP, LLC	Delaware
HCN DSL Member JV, LP	Delaware
HCN DSL Member REIT, LLC	Delaware
HCN DSL Member TRS, LLC	Delaware
HCN Emerald Holdings, LLC	Delaware
HCN FCE Life Sciences, LLC	Delaware
HCN Fountains Leasing Ltd.	Delaware
HCN G&L DownREIT II, LLC	British Columbia
HCN G&L DownREIT LLC	Delaware
HCN G&L Holy Cross Sub, LLC	Delaware
HCN G&L Roxbury Sub, LLC	Delaware
HCN G&L Santa Clarita Sub, LLC	Delaware
HCN G&L Valencia Sub, LLC	Delaware
HCN Hancock Investments, Ltd	Delaware
HCN Hancock Leicester Ltd.	Island of Jersey
HCN Hancock Loxley Park Ltd.	Island of Guernsey
HCN Hancock Miramar Ltd.	Island of Guernsey
HCN Imperial Leasing Ltd.	Island of Guernsey
HCN Interra Lake Travis LTACH, LLC	British Columbia
HCN Investment GP-1 Ltd.	Delaware
HCN Investment GP-4 Ltd.	British Columbia
HCN Investment GP-5 Ltd.	British Columbia
HCN Kensington Victoria Leasing Ltd.	British Columbia

HCN Lake Travis Holdings, LLC	Delaware
HCN Lake Travis Property One, LLC	Delaware
HCN Lake Travis Property Two, LLC	Delaware
HCN Lessee (Pembroke) GP Inc.	British Columbia
HCN Lessee (Pembroke) LP	Ontario
HCN Lessee (Ross) GP Inc.	British Columbia
HCN Lessee (Ross) LP	Ontario
HCN Lessee (Stonehaven) GP Inc.	British Columbia
HCN Lessee (Stonehaven) LP	Ontario
HCN Navvis Clarkson Valley, LLC	Delaware
HCN Portsmouth Leasing Ltd.	British Columbia
HCN Renaissance (Regal) Leasing Ltd.	British Columbia
HCN Renaissance Leasing Ltd.	British Columbia
HCN Rendina Holdings, LLC	Delaware
HCN Rendina Merced, LLC	Delaware
HCN Ross Leasing Ltd.	British Columbia
HCN Share Holdings JV GP, LLC	Delaware
HCN Share Holdings JV, LP	Delaware
HCN Sunwood Leasing Ltd.	British Columbia
HCN UK Holdco Limited	Island of Jersey
HCN UK Investments Limited	Island of Jersey
HCN UK Management Services Limited	United Kingdom
HCN UK Saints Investments Ltd	Island of Jersey
HCN-Revera (Annex) Inc.	Ontario
HCN-Revera (Appleby Place) Inc.	Ontario
HCN-Revera (Aspen Ridge) Inc.	Ontario
HCN-Revera (Beechwood) Inc.	Ontario
HCN-Revera (Bough Beeches Place) Inc.	Ontario
HCN-Revera (Centennial Park Place) Inc.	Ontario
HCN-Revera (Churchill Place) Inc.	Ontario
HCN-Revera (Colonel By) Inc.	Ontario
HCN-Revera (Constitution Place) Inc.	Ontario
HCN-Revera (Don Mills/Donway Place) Inc.	Ontario
HCN-Revera (Edinburgh) Inc.	Ontario
HCN-Revera (Evergreen) Inc.	Ontario
HCN-Revera (Fergus Place) Inc.	Ontario
HCN-Revera (Forest Hill Place) Inc.	Ontario
HCN-Revera (Glynnwood) Inc.	Ontario
HCN-Revera (Hollyburn House) Inc.	Ontario
HCN-Revera (Inglewood) Inc.	Ontario
HCN-Revera (Kensington Victoria) Inc.	Ontario
HCN-Revera (Kensington) Inc.	Ontario
HCN-Revera (Leaside) Inc.	Ontario
HCN-Revera (Parkwood Court) Inc.	Ontario
HCN-Revera (Parkwood Manor) Inc.	Ontario
HCN-Revera (Parkwood Place) Inc.	Ontario
HCN-Revera (Rayoak Place) Inc.	Ontario
HCN-Revera (Regal) Limited Partnership	Ontario
HCN-Revera (River Ridge) Inc.	Ontario
HCN-Revera (Stone Lodge) Inc.	Ontario
HCN-Revera (Valley Stream) Inc.	Ontario
HCN-Revera (Victoria Place) Inc.	Ontario
HCN-Revera (Wellington) Inc.	Ontario
HCN-Revera (Westwood) Inc.	Ontario
HCN-Revera (Whitecliff) Inc.	Ontario
HCN-Revera (Windermere on the Mount) Inc.	Ontario
HCN-Revera Joint Venture GP Inc.	Ontario
HCN-Revera Joint Venture Limited Partnership	Ontario
HCN-Revera Joint Venture ULC	British Columbia
HCN-Revera Lessee (Alta Vista) GP Inc.	Ontario
HCN-Revera Lessee (Alta Vista) LP	Ontario
HCN-Revera Lessee (Annex) GP Inc.	Ontario
HCN-Revera Lessee (Annex) LP	Ontario
HCN-Revera Lessee (Appleby Place) GP Inc.	Ontario
HCN-Revera Lessee (Appleby Place) LP	Ontario
HCN-Revera Lessee (Arnprior Villa) GP Inc.	Ontario
HCN-Revera Lessee (Arnprior Villa) LP	Ontario
HCN-Revera Lessee (Aspen Ridge) GP Inc.	Ontario
HCN-Revera Lessee (Aspen Ridge) LP	Ontario
HCN-Revera Lessee (Barrhaven) GP Inc.	Ontario
HCN-Revera Lessee (Barrhaven) LP	Ontario
HCN-Revera Lessee (Beechwood) GP Inc.	Ontario
HCN-Revera Lessee (Beechwood) LP	Ontario
HCN-Revera Lessee (Bentley Moose Jaw) GP Inc.	Ontario
HCN-Revera Lessee (Bentley Moose Jaw) LP	Ontario
HCN-Revera Lessee (Bentley Regina) GP Inc.	Ontario
HCN-Revera Lessee (Bentley Regina) LP	Ontario
HCN-Revera Lessee (Bentley Saskatoon) GP Inc.	Ontario
HCN-Revera Lessee (Bentley Saskatoon) LP	Ontario
HCN-Revera Lessee (Bentley Swift Current) GP Inc.	Ontario
HCN-Revera Lessee (Bentley Swift Current) LP	Ontario
HCN-Revera Lessee (Bentley Yorkton) GP Inc.	Ontario
HCN-Revera Lessee (Bentley Yorkton) LP	Ontario
HCN-Revera Lessee (Birkdale) GP Inc.	Ontario
HCN-Revera Lessee (Birkdale) LP	Ontario
HCN-Revera Lessee (Bough Beeches Place) GP Inc.	Ontario
HCN-Revera Lessee (Bough Beeches Place) LP	Ontario

HCN-Revera Lessee (Bradgate Arms) GP Inc.	Ontario
HCN-Revera Lessee (Bradgate Arms) LP	Ontario
HCN-Revera Lessee (Briargate) GP Inc.	Ontario
HCN-Revera Lessee (Briargate) LP	Ontario
HCN-Revera Lessee (Bridlewood Manor) GP Inc.	Ontario
HCN-Revera Lessee (Bridlewood Manor) LP	Ontario
HCN-Revera Lessee (Cambridge) GP Inc.	Ontario
HCN-Revera Lessee (Cambridge) LP	Ontario
HCN-Revera Lessee (Cedarcroft Place) GP Inc.	Ontario
HCN-Revera Lessee (Cedarcroft Place) LP	Ontario
HCN-Revera Lessee (Centennial Park Place) GP Inc.	Ontario
HCN-Revera Lessee (Centennial Park Place) LP	Ontario
HCN-Revera Lessee (Chateau Renoir) GP Inc.	Ontario
HCN-Revera Lessee (Chateau Renoir) LP	Ontario
HCN-Revera Lessee (Chatham) GP Inc.	Ontario
HCN-Revera Lessee (Chatham) LP	Ontario
HCN-Revera Lessee (Churchill Place) GP Inc.	Ontario
HCN-Revera Lessee (Churchill Place) LP	Ontario
HCN-Revera Lessee (Clair Matin) GP Inc.	Ontario
HCN-Revera Lessee (Clair Matin) LP	Ontario
HCN-Revera Lessee (Claremont) GP Inc.	Ontario
HCN-Revera Lessee (Claremont) LP	Ontario
HCN-Revera Lessee (Colonel By) GP Inc.	Ontario
HCN-Revera Lessee (Colonel By) LP	Ontario
HCN-Revera Lessee (Constitution Place) GP Inc.	Ontario
HCN-Revera Lessee (Constitution Place) LP	Ontario
HCN-Revera Lessee (Crofton Manor) GP Inc.	Ontario
HCN-Revera Lessee (Crofton Manor) LP	Ontario
HCN-Revera Lessee (Don Mills) GP Inc.	Ontario
HCN-Revera Lessee (Don Mills) LP	Ontario
HCN-Revera Lessee (Donway Place) GP Inc.	Ontario
HCN-Revera Lessee (Donway Place) LP	Ontario
HCN-Revera Lessee (Dorchester) GP Inc.	Ontario
HCN-Revera Lessee (Dorchester) LP	Ontario
HCN-Revera Lessee (Edgemont) GP Inc.	Ontario
HCN-Revera Lessee (Edgemont) LP	Ontario
HCN-Revera Lessee (Edinburgh) GP Inc.	Ontario
HCN-Revera Lessee (Edinburgh) LP	Ontario
HCN-Revera Lessee (Emerite de Brossard) GP Inc.	Ontario
HCN-Revera Lessee (Emerite de Brossard) LP	Ontario
HCN-Revera Lessee (Evergreen) GP Inc.	Ontario
HCN-Revera Lessee (Evergreen) LP	Ontario
HCN-Revera Lessee (Fergus Place) GP Inc.	Ontario
HCN-Revera Lessee (Fergus Place) LP	Ontario
HCN-Revera Lessee (Fleetwood Villa) GP Inc.	Ontario
HCN-Revera Lessee (Fleetwood Villa) LP	Ontario
HCN-Revera Lessee (Forest Hill Place) GP Inc.	Ontario
HCN-Revera Lessee (Forest Hill Place) LP	Ontario
HCN-Revera Lessee (Franklin) GP Inc.	Ontario
HCN-Revera Lessee (Franklin) LP	Ontario
HCN-Revera Lessee (Glynnwood) GP Inc.	Ontario
HCN-Revera Lessee (Glynnwood) LP	Ontario
HCN-Revera Lessee (Grand Wood) GP Inc.	Ontario
HCN-Revera Lessee (Grand Wood) LP	Ontario
HCN-Revera Lessee (Greenway) GP Inc.	Ontario
HCN-Revera Lessee (Greenway) LP	Ontario
HCN-Revera Lessee (Heartland) GP Inc.	Ontario
HCN-Revera Lessee (Heartland) LP	Ontario
HCN-Revera Lessee (Heritage Lodge) GP Inc.	Ontario
HCN-Revera Lessee (Heritage Lodge) LP	Ontario
HCN-Revera Lessee (Highland Place) GP Inc.	Ontario
HCN-Revera Lessee (Highland Place) LP	Ontario
HCN-Revera Lessee (Hollyburn House) GP Inc.	Ontario
HCN-Revera Lessee (Hollyburn House) LP	Ontario
HCN-Revera Lessee (Horizon Place) GP Inc.	Ontario
HCN-Revera Lessee (Horizon Place) LP	Ontario
HCN-Revera Lessee (Hunt Club Manor) GP Inc.	Ontario
HCN-Revera Lessee (Hunt Club Manor) LP	Ontario
HCN-Revera Lessee (Inglewood) GP Inc.	Ontario
HCN-Revera Lessee (Inglewood) LP	Ontario
HCN-Revera Lessee (Jardins du Couvent) GP Inc.	Ontario
HCN-Revera Lessee (Jardins du Couvent) LP	Ontario
HCN-Revera Lessee (Jardins Interieurs) GP Inc.	Ontario
HCN-Revera Lessee (Jardins Interieurs) LP	Ontario
HCN-Revera Lessee (Jardins Vaudreuil) GP Inc.	Ontario
HCN-Revera Lessee (Jardins Vaudreuil) LP	Ontario
HCN-Revera Lessee (Kensington Victoria) GP Inc.	Ontario
HCN-Revera Lessee (Kensington Victoria) LP	Ontario
HCN-Revera Lessee (Kensington) GP Inc.	Ontario
HCN-Revera Lessee (Kensington) LP	Ontario
HCN-Revera Lessee (King Gardens) GP Inc.	Ontario
HCN-Revera Lessee (King Gardens) LP	Ontario
HCN-Revera Lessee (Kingsway) GP Inc.	Ontario
HCN-Revera Lessee (Kingsway) LP	Ontario
HCN-Revera Lessee (Landmark Court) GP Inc.	Ontario
HCN-Revera Lessee (Landmark Court) LP	Ontario

HCN-Revera Lessee (Leaside) GP Inc.	Ontario
HCN-Revera Lessee (Leaside) LP	Ontario
HCN-Revera Lessee (Lundy Manor) GP Inc.	Ontario
HCN-Revera Lessee (Lundy Manor) LP	Ontario
HCN-Revera Lessee (Lynwood) GP Inc.	Ontario
HCN-Revera Lessee (Lynwood) LP	Ontario
HCN-Revera Lessee (Manoir Lafontaine) GP Inc.	Ontario
HCN-Revera Lessee (Manoir Lafontaine) LP	Ontario
HCN-Revera Lessee (Maplecrest) GP Inc.	Ontario
HCN-Revera Lessee (Maplecrest) LP	Ontario
HCN-Revera Lessee (Marian Chateau) GP Inc.	Ontario
HCN-Revera Lessee (Marian Chateau) LP	Ontario
HCN-Revera Lessee (McKenzie Towne) GP Inc.	Ontario
HCN-Revera Lessee (McKenzie Towne) LP	Ontario
HCN-Revera Lessee (Meadowlands) GP Inc.	Ontario
HCN-Revera Lessee (Meadowlands) LP	Ontario
HCN-Revera Lessee (Ogilvie Villa) GP Inc.	Ontario
HCN-Revera Lessee (Ogilvie Villa) LP	Ontario
HCN-Revera Lessee (Parkwood Court) GP Inc.	Ontario
HCN-Revera Lessee (Parkwood Court) LP	Ontario
HCN-Revera Lessee (Parkwood Manor) GP Inc.	Ontario
HCN-Revera Lessee (Parkwood Manor) LP	Ontario
HCN-Revera Lessee (Parkwood Place) GP Inc.	Ontario
HCN-Revera Lessee (Parkwood Place) LP	Ontario
HCN-Revera Lessee (Pavillon des Cedres) GP Inc.	Ontario
HCN-Revera Lessee (Pavillon des Cedres) LP	Ontario
HCN-Revera Lessee (Plymouth) GP Inc.	Ontario
HCN-Revera Lessee (Plymouth) LP	Ontario
HCN-Revera Lessee (Port Perry) GP Inc.	Ontario
HCN-Revera Lessee (Port Perry) LP	Ontario
HCN-Revera Lessee (Portobello) GP Inc.	Ontario
HCN-Revera Lessee (Portobello) LP	Ontario
HCN-Revera Lessee (Portsmouth) GP Inc.	Ontario
HCN-Revera Lessee (Portsmouth) LP	Ontario
HCN-Revera Lessee (Prince of Wales) GP Inc.	Ontario
HCN-Revera Lessee (Prince of Wales) LP	Ontario
HCN-Revera Lessee (Queenswood Villa) GP Inc.	Ontario
HCN-Revera Lessee (Queenswood Villa) LP	Ontario
HCN-Revera Lessee (Rayoak Place) GP Inc.	Ontario
HCN-Revera Lessee (Rayoak Place) LP	Ontario
HCN-Revera Lessee (Renaissance) GP Inc.	Ontario
HCN-Revera Lessee (Renaissance) LP	Ontario
HCN-Revera Lessee (River Ridge) GP Inc.	Ontario
HCN-Revera Lessee (River Ridge) LP	Ontario
HCN-Revera Lessee (Riverbend) GP Inc.	Ontario
HCN-Revera Lessee (Riverbend) LP	Ontario
HCN-Revera Lessee (Robertson House) GP Inc.	Ontario
HCN-Revera Lessee (Robertson House) LP	Ontario
HCN-Revera Lessee (Scenic Acres) GP Inc.	Ontario
HCN-Revera Lessee (Scenic Acres) LP	Ontario
HCN-Revera Lessee (St. Lawrence Place) GP Inc.	Ontario
HCN-Revera Lessee (St. Lawrence Place) LP	Ontario
HCN-Revera Lessee (Stittsville Villa) GP Inc.	Ontario
HCN-Revera Lessee (Stittsville Villa) LP	Ontario
HCN-Revera Lessee (Stone Lodge) GP Inc.	Ontario
HCN-Revera Lessee (Stone Lodge) LP	Ontario
HCN-Revera Lessee (Sunwood) GP Inc.	Ontario
HCN-Revera Lessee (Sunwood) LP	Ontario
HCN-Revera Lessee (Terrace Gardens) GP Inc.	Ontario
HCN-Revera Lessee (Terrace Gardens) LP	Ontario
HCN-Revera Lessee (The Churchill) GP Inc.	Ontario
HCN-Revera Lessee (The Churchill) LP	Ontario
HCN-Revera Lessee (Trafalgar Lodge) GP Inc.	Ontario
HCN-Revera Lessee (Trafalgar Lodge) LP	Ontario
HCN-Revera Lessee (Valley Stream) GP Inc.	Ontario
HCN-Revera Lessee (Valley Stream) LP	Ontario
HCN-Revera Lessee (Victoria Place) GP Inc.	Ontario
HCN-Revera Lessee (Victoria Place) LP	Ontario
HCN-Revera Lessee (Waverley/Rosewood) GP Inc.	Ontario
HCN-Revera Lessee (Waverley/Rosewood) LP	Ontario
HCN-Revera Lessee (Wellington) GP Inc.	Ontario
HCN-Revera Lessee (Wellington) LP	Ontario
HCN-Revera Lessee (Westwood) GP Inc.	Ontario
HCN-Revera Lessee (Westwood) LP	Ontario
HCN-Revera Lessee (Whitecliff) GP Inc.	Ontario
HCN-Revera Lessee (Whitecliff) LP	Ontario
HCN-Revera Lessee (Windermere on the Mount) GP Inc.	Ontario
HCN-Revera Lessee (Windermere on the Mount) LP	Ontario
HCN-Revera Lessee (Windsor) GP Inc.	Ontario
HCN-Revera Lessee (Windsor) LP	Ontario
HCN-TH Wisconsin I, LLC	Delaware
HCN-TH Wisconsin II, LLC	Delaware
HCN-TH Wisconsin III, LLC	Delaware
HCN-TH Wisconsin IV, LLC	Delaware
HCN-TH Wisconsin V, LLC	Delaware
HCN-TH Wisconsin VI, LLC	Delaware
HCN-TH Wisconsin VII, LLC	Delaware

HCN-TH Wisconsin VIII, LLC	Delaware
HCRE Solutions, LLC	Delaware
HCRI 10301 Hagen Ranch Holdings, LLC	Delaware
HCRI 10301 Hagen Ranch Properties II, LLC	Delaware
HCRI 10301 Hagen Ranch Properties, LLC	Delaware
HCRI 1950 Sunny Crest Drive, LLC	Delaware
HCRI 3400 Old Milton, LLC	Delaware
HCRI 5670 Peachtree Dunwoody, LLC	Delaware
HCRI 975 Johnson Ferry, LLC	Delaware
HCRI Abingdon Holdings, Inc.	North Carolina
HCRI Abingdon Properties, LP	North Carolina
HCRI AL U.S. Bonita Subtenant, LLC	Delaware
HCRI AL U.S. Boulder Subtenant, LLC	Delaware
HCRI AL U.S. G.P. Woods Subtenant, LLC	Delaware
HCRI AL U.S. GP Woods II Subtenant, LLC	Delaware
HCRI AL U.S. Huntington Beach Subtenant, LLC	Delaware
HCRI AL U.S. La Jolla Subtenant, LLC	Delaware
HCRI AL U.S. La Palma Subtenant, LLC	Delaware
HCRI AL U.S. Newtown Square Subtenant, LLC	Delaware
HCRI AL U.S. Playa Vista Subtenant, LLC	Delaware
HCRI AL U.S. Sacramento Subtenant, LLC	Delaware
HCRI AL U.S. San Gabriel Subtenant, LLC	Delaware
HCRI AL U.S. Seal Beach Subtenant, LLC	Delaware
HCRI AL U.S. Studio City Subtenant, LLC	Delaware
HCRI AL U.S. Wilmington Subtenant, LLC	Delaware
HCRI AL U.S. Woodland Hills Subtenant, LLC	Delaware
HCRI Allen Medical Facility, LLC	Delaware
HCRI Ancillary TRS, Inc.	Delaware
HCRI Asheboro Holdings, Inc.	North Carolina
HCRI Asheboro Properties, LP	North Carolina
HCRI Baylor Grapevine ASC, LLC	Delaware
HCRI Baylor Grapevine Medical Plaza, LLC	Delaware
HCRI Beachwood, Inc.	Ohio
HCRI Boardman Properties, LLC	Delaware
HCRI Braintree Subtenant, LLC	Delaware
HCRI Broadview, Inc.	Ohio
HCRI Burlington Manor Holdings, Inc.	North Carolina
HCRI Burlington Manor Properties, LP	North Carolina
HCRI Carmel Building A Medical Facility, LLC	Delaware
HCRI Carmel Building B Medical Facility, LLC	Delaware
HCRI Cold Spring Properties, LLC	Delaware
HCRI Concord Place Holdings, Inc.	North Carolina
HCRI Concord Place Properties, LP	North Carolina
HCRI Connecticut Avenue Subtenant, LLC	Delaware
HCRI Crestwood Subtenant, LLC	Delaware
HCRI Cumberland Properties, LLC	Delaware
HCRI Dallas Medical Facility, LLC	Delaware
HCRI Deerfield Beach Medical Facility, LLC	Delaware
HCRI Draper Place Properties Trust	Massachusetts
HCRI Drum Hill Properties, LLC	Delaware
HCRI Eden Holdings, Inc.	North Carolina
HCRI Eden Properties, LP	North Carolina
HCRI Edison Subtenant, LLC	Delaware
HCRI Emerald Holdings III, LLC	Delaware
HCRI Emerald Holdings IV, LLC	Delaware
HCRI Emerald Holdings, LLC	Delaware
HCRI Fairfax Subtenant, LLC	Delaware
HCRI Fairmont Properties, LLC	Delaware
HCRI Financial Services, LLC	Delaware
HCRI Financing, Inc.	Delaware
HCRI Fore River Medical Facility, LLC	Delaware
HCRI Fort Bend Clinic, LLC	Delaware
HCRI Fort Wayne Medical Facility, LLC	Delaware
HCRI Fox Hill (HCU) Subtenant, LLC	Delaware
HCRI Fullerton Subtenant, LLC	Delaware
HCRI Gardner Park Tenant TRS, LLC	Delaware
HCRI Gardner Park TRS, LLC	Delaware
HCRI Gaston Manor Holdings, Inc.	North Carolina
HCRI Gaston Manor Properties, LP	North Carolina
HCRI Henderson Subtenant, LLC	Delaware
HCRI Hermosa Beach TRS, LLC	Delaware
HCRI High Point Manor Holdings, Inc.	North Carolina
HCRI High Point Manor Properties, LP	North Carolina
HCRI Holdings Trust	Massachusetts
HCRI Illinois Properties, LLC	Delaware
HCRI Indiana Properties, Inc.	Delaware
HCRI Indiana Properties, LLC	Indiana
HCRI Investments, Inc.	Delaware
HCRI Kansas Properties, LLC	Delaware
HCRI Karrington TRS, LLC	Delaware
HCRI Kentucky Properties, LLC	Kentucky
HCRI Kirkland Properties, LLC	Delaware
HCRI Leominster TRS, LLC	Delaware
HCRI Limited Holdings, Inc.	Delaware
HCRI Logistics, Inc.	Delaware

HCRI Louisiana Properties, L.P.	Delaware
HCRI Marina Place Properties Trust	Massachusetts
HCRI Massachusetts Properties Trust	Massachusetts
HCRI Massachusetts Properties Trust II	Massachusetts
HCRI Massachusetts Properties, Inc.	Delaware
HCRI McLean TRS, LLC	Delaware
HCRI Merrillville Medical Facility, LLC	Delaware
HCRI Monterey Subtenant, LLC	Delaware
HCRI MSH Gardner Park, LLC	Delaware
HCRI Nassau Bay Medical Facility, LLC	Delaware
HCRI Nevada Properties, Inc.	Nevada
HCRI New Hampshire Properties, LLC	Delaware
HCRI North Carolina Properties I, Inc.	North Carolina
HCRI North Carolina Properties II, Inc.	North Carolina
HCRI North Carolina Properties III, Limited Partnership	North Carolina
HCRI North Carolina Properties, LLC	Delaware
HCRI NY-NJ Properties, LLC	Delaware
HCRI of Folsom Tenant, LLC	California
HCRI of Upland Tenant, LLC	California
HCRI Pennsylvania Properties Holding Company	Delaware
HCRI Pennsylvania Properties, Inc.	Pennsylvania
HCRI Plano Medical Facility, LLC	Delaware
HCRI Prestonwood Medical Facility, LLC	Delaware
HCRI Provider Properties, LLC	Delaware
HCRI Purchasing, LLC	Delaware
HCRI Raleigh Medical Facility, LLC	Delaware
HCRI Red Fox ManCo, LLC	Delaware
HCRI Red Fox OpCo, LLC	Delaware
HCRI Ridgeland Pointe Properties, LLC	Delaware
HCRI Rogers Medical Facility, LLC	Delaware
HCRI Roswell I Medical Facility, LLC	Delaware
HCRI Roswell II Medical Facility, LLC	Delaware
HCRI Roswell III Medical Facility, LLC	Delaware
HCRI Senior Housing Properties, Inc.	Delaware
HCRI SL II TRS Corp.	Delaware
HCRI SL III TRS Corp.	Delaware
HCRI SL IV TRS Corp.	Delaware
HCRI Southern Investments I, Inc.	Delaware
HCRI Southlake Medical Facility, LLC	Delaware
HCRI Statesville Place Holdings I, Inc.	North Carolina
HCRI Statesville Place Holdings II, Inc.	North Carolina
HCRI Statesville Place Properties I, LP	North Carolina
HCRI Statesville Place Properties II, LP	North Carolina
HCRI Summit Properties, LLC	Delaware
HCRI Sun Development TRS, LLC	Delaware
HCRI Sun GP I, LLC	Delaware
HCRI Sun I Braintree MA Senior Living, LLC	Delaware
HCRI Sun I Fullerton CA Senior Living, LP	Delaware
HCRI Sun I Henderson NV Senior Living, LLC	Delaware
HCRI Sun III Dresher Senior Living, LP	Delaware
HCRI Sun III Golden Valley Senior Living, LLC	Delaware
HCRI Sun III GP, LLC	Delaware
HCRI Sun III Lenexa Senior Living, LLC	Delaware
HCRI Sun III Minnetonka Senior Living, LLC	Delaware
HCRI Sun III Palo Alto Senior Living, LP	Delaware
HCRI Sun III Plano Senior Living, LP	Delaware
HCRI Sun III Shelby Senior Living, LLC	Delaware
HCRI Sun III Tenant Acquisition, LLC	Delaware
HCRI Sun III Tenant GP, LLC	Delaware
HCRI Sun III Tenant, LP	Delaware
HCRI Sun III TRS, LLC	Delaware
HCRI Sun Partners II, LLC	Delaware
HCRI Sun Partners III, LLC	Delaware
HCRI Sun Partners IV, LLC	Delaware
HCRI Sun Three Lombard IL Senior Living, LLC	Delaware
HCRI Sun Three Pool One, LLC	Delaware
HCRI Sun Two Baton Rouge LA Senior Living, LLC	Delaware
HCRI Sun Two Broomfield CO Senior Living, LLC	Delaware
HCRI Sun Two Gilbert AZ Senior Living, LLC	Delaware
HCRI Sun Two McCandless PA Senior Living, LP	Delaware
HCRI Sun Two Metairie LA Senior Living, LLC	Delaware
HCRI Sun Two Pool One GP, LLC	Delaware
HCRI Sun Two Pool One, LLC	Delaware
HCRI Sun Two Pool Two, LLC	Delaware
HCRI Sun Two Simi Valley CA Senior Living, LP	Delaware
HCRI Tallahassee Medical Facility, LLC	Delaware
HCRI Tennessee Properties, LLC	Delaware
HCRI Texas Health Southlake Hospital Medical Facility, LLC	Delaware
HCRI Texas Properties, Inc.	Delaware
HCRI Texas Properties, Ltd.	Texas
HCRI TRS Acquirer II, LLC	Delaware
HCRI TRS Acquirer, LLC	Delaware
HCRI TRS Trident Investment, LLC	Delaware
HCRI Tucson Properties, Inc.	Delaware
HCRI Van Nuys Medical Facility, LLC	Delaware
HCRI Virginia Beach Medical Facility, LLC	Delaware

HCRI Webb Gin Subtenant, LLC	Delaware
HCRI Weddington Park Holdings, Inc.	North Carolina
HCRI Weddington Park Properties, LP	North Carolina
HCRI Westgate Medical Facility, LLC	Delaware
HCRI Westlake, Inc.	Ohio
HCRI Westover Hills Baptist Medical Facility II, LLC	Delaware
HCRI Westover Hills Baptist Medical Facility, LLC	Delaware
HCRI Wilburn Gardens Properties, LLC	Delaware
HCRI Wisconsin Properties, LLC	Wisconsin
HCRI/SRZ Master OpCo, LLC	Delaware
HCRIX Houston, LLC	Delaware
HCRIX Royal, LLC	Delaware
Health Resources of Cedar Grove, Inc.	New Jersey
Health Resources of Cinnaminson, Inc.	New Jersey
Health Resources of Cranbury, L.L.C.	New Jersey
Health Resources of Cumberland, Inc.	Delaware
Health Resources of Eatontown, L.L.C.	New Jersey
Health Resources of Emery, L.L.C.	New Jersey
Health Resources of Englewood, Inc.	New Jersey
Health Resources of Fair Lawn, L.L.C.	New Jersey
Health Resources of Gardner, Inc.	Delaware
Health Resources of Glastonbury, Inc.	Connecticut
Health Resources of Groton, Inc.	Delaware
Health Resources of Middletown (RI), Inc.	Delaware
Health Resources of Ridgewood, L.L.C.	New Jersey
Health Resources of Rockville, Inc.	Delaware
Health Resources of South Brunswick, L.L.C.	New Jersey
Health Resources of Wallingford, Inc.	Delaware
Health Resources of Warwick, Inc.	Delaware
Health Resources of West Orange, L.L.C.	New Jersey
Healthcare Property Managers of America, LLC	Florida
Healthcare Resources Corp.	Pennsylvania
Healthlease Properties Administration Company ULC	British Columbia
HealthLease U.S., Inc.	Delaware
Heat Merger Sub, LLC	Delaware
Heat OP TRS, Inc.	Delaware
Hempstalls Hall Ltd	Island of Jersey
HH Florida, LLC	Delaware
Highcliffe Ltd	Island of Jersey
Highland Healthcare Investors, LLC	Delaware
Hilltop Health Care Center, Inc.	Delaware
Hinckley House Ltd	Island of Jersey
Hingham Terry Drive I LLC	Delaware
HL GP, LLC	Indiana
Holiday Retirement (Clevedon) Limited	United Kingdom
Holly Manor Associates of New Jersey, L.P.	Delaware
Horizon Associates, Inc.	West Virginia
Horse Fair Ltd	Island of Jersey
HRWV Huntington, Inc.	West Virginia
Hudson MOB Holdings, Inc.	Delaware
Hunt Club Manor Facility Inc.	Ontario
I.L.S. Care Communities Inc.	Ontario
Imperial Place Residence Inc. / Residence Place Imperiale Inc.	Quebec
Jackson Investors, LLC	Delaware
Johns Creek GA Senior Living Owner, LLC	Delaware
Jupiter Landlord, LLC	Delaware
Kaiser Gemini Burgundy, LLC	Oklahoma
Kaiser Gemini Woodland, LLC	Oklahoma
Karrington of Findlay Ltd.	Ohio
Keystone Communities of Eagan, LLC	Minnesota
Keystone Communities of Highland Park, LLC	Delaware
Keystone Communities of Mankato, LLC	Minnesota
Keystone Communities of Prior Lake, LLC	Minnesota
Keystone Communities of Roseville, LLC	Delaware
Keystone Nursing Home, Inc.	Delaware
Killeen Healthcare Investors, LLC	Delaware
King Street Facility Inc.	Ontario
Kingston Facility Inc.	Ontario
Kirkstall Aire View Ltd	Island of Jersey
Knollwood Manor, Inc.	Pennsylvania
KSL Landlord, LLC	Delaware
Lake Mead Medical Investors Limited Partnership	Florida
Landmark Facility Inc.	Ontario
Laurel Health Resources, Inc.	Delaware
Lawrence Care (Maids Moreton) Limited	United Kingdom
Le Wellesley Inc.	Quebec
Leawood Tenant, LLC	Delaware
Lehigh Nursing Homes, Inc.	Pennsylvania
Lenexa Investors II, LLC	Delaware
Lenexa Investors, LLC	Delaware
Leon Dorchester Facility Inc.	Ontario
Les Belvederes de Lachine Inc.	Canada
Les Jardins Laviolette Inc.	Quebec
Les Residences-Hotellerie Harmonie Inc.	Quebec
Lillington AL Health Investors, LP	Virginia
LLUMCM, LLC	Delaware

Lombard IL Senior Living Owner, LLC	Delaware
Louisville KY Senior Living Owner, LLC	Delaware
Lundy Manor Facility Inc.	Ontario
Mabri Convalescent Center, Inc.	Connecticut
Maids Moreton Operations Limited	United Kingdom
Manoir Archer Inc.	Quebec
Manoir Bois de Boulogne Inc.	Quebec
Manoir et Cours de l'Atrium Inc.	Quebec
Manoir Pointe-aux-Trembles Inc.	Quebec
Manoir St-Jerome Inc.	Quebec
Markglen, Inc.	West Virginia
Marlinton Associates Limited Partnership	West Virginia
Marlinton Associates, Inc.	Pennsylvania
Marlinton Partnership Holding Company, Inc.	Pennsylvania
Master HCRI Sun Dev I, LLC	Delaware
Master HCRI Sun III GP, LLC	Delaware
Master HCRI Sun III, LP	Delaware
Master HCRI Sun Manager I, LLC	Delaware
Master MetSun Three GP, LLC	Delaware
Master MetSun Three, LP	Delaware
Master MetSun, LP	Delaware
McCandless PA Senior Living Owner, LLC	Delaware
McKenzie Towne Facility Inc.	Ontario
McKerley Health Care Center - Concord Limited Partnership	New Hampshire
McKerley Health Care Center-Concord, Inc.	New Hampshire
McKerley Health Care Centers, Inc.	New Hampshire
McKerley Health Facilities	New Hampshire
Meadowcroft London Facility Inc.	Ontario
Meadowlands Facility Inc.	Ontario
Med Properties Asset Group, L.L.C.	Indiana
Medical Real Estate Property Managers of America, LLC	Florida
Mercerville Associates of New Jersey, L.P.	Delaware
Meridian Edgewood Limited Partnership	Maryland
Meridian Health, Inc.	Pennsylvania
Meridian Healthcare, Inc.	Pennsylvania
Meridian Perring Limited Partnership	Maryland
Meridian Valley Limited Partnership	Maryland
Meridian Valley View Limited Partnership	Maryland
Meridian/Constellation Limited Partnership	Maryland
Metairie LA Senior Living Owner, LLC	Delaware
Metropolitan Senior Housing, LLC	Delaware
Metropolitan/Bellevue Senior Housing, LLC	Delaware
Metropolitan/Cohasset Senior Housing, LLC	Delaware
Metropolitan/Decatur Senior Housing, LLC	Delaware
Metropolitan/Glen Cove Senior Housing, LLC	Delaware
Metropolitan/Hunter Mill Senior Housing, LLC	Delaware
Metropolitan/Oakland Hills GP, LLC	Delaware
Metropolitan/Paramus Senior Housing, LLC	Delaware
Metropolitan/Walnut Creek Senior Housing, LLC	Delaware
Metropolitan/Wayland Senior Housing, LLC	Delaware
Metropolitan/West Essex Senior Housing, LLC	Delaware
MetSun Cinco Ranch TX Senior Living, LP	Delaware
MetSun Fort Worth TX Senior Living, LP	Delaware
MetSun GP, LLC	Delaware
MetSun Highland SLC UT Senior Living, LLC	Delaware
MetSun Three Franklin MA Senior Living, LLC	Delaware
MetSun Three Kingwood TX Senior Living, LP	Delaware
MetSun Three Mundelein IL Senior Living, LLC	Delaware
MetSun Three Pool Three GP, LLC	Delaware
MetSun Three Pool Three, LLC	Delaware
MetSun Three Pool Two GP, LLC	Delaware
MetSun Three Pool Two, LLC	Delaware
MetSun Three Sabre Springs CA Senior Living, LP	Delaware
MetSun Two Frisco TX Senior Living, LP	Delaware
MetSun Two Pool Three GP, LLC	Delaware
MG Landlord II, LLC	Delaware
MG Landlord, LLC	Delaware
MG Tenant, LLC	Delaware
MGP 41, LLC	Delaware
MGP 42, LLC	Delaware
MGP 43, LLC	Delaware
MGP 44, LLC	Delaware
MGP 45, LLC	Delaware
MGP 46, LLC	Delaware
MGP 47, LLC	Delaware
MGP 48, LLC	Delaware
MGP 49, LLC	Delaware
MGP 50, LLC	Delaware
MGP 51, LLC	Delaware
MGP 52, LLC	Delaware
MGP I, LLC	Washington
MGP V, LLC	Washington
MGP VI, LLC	Washington
MGP X, LLC	Washington
MGP XI, LLC	Washington

MGP XII, LLC	Washington
MGP XIII, LLC	Washington
MGP XIV, LLC	Washington
MGP XIX, LLC	Washington
MGP XL, LLC	Washington
MGP XV, LLC	Washington
MGP XVI, LLC	Washington
MGP XVII, LLC	Washington
MGP XXIX, LLC	Washington
MGP XXV, LLC	Washington
MGP XXXII, LLC	Washington
MGP XXXIII, LLC	Washington
MGP XXXIX, LLC	Washington
MGP XXXVII, LLC	Washington
MGP XXXVIII, LLC	Washington
Middletown (RI) Associates of Rhode Island, L.P.	Delaware
Midland I, LLC	Delaware
Midpark Way S.E. Property Inc.	British Columbia
Midwest 108th & Q, LLC	Delaware
Midwest Ames, LLC	Delaware
Midwest Miracle Hills, LLC	Delaware
Midwest Prestwick, LLC	Delaware
Midwest Van Dorn, LLC	Delaware
Midwest Village of Columbus, LLC	Delaware
Midwest Windermere, LLC	Delaware
Midwest Woodbridge, LLC	Delaware
Milford ALF, LLC	Delaware
Mill Creek Real Estate Partners, LLC	Delaware
Mill Hill Retirement Facility Inc.	Ontario
Millville Meridian Limited Partnership	Maryland
Minnetonka Tenant, LLC	Delaware
ML Marion, L.P.	Indiana
Moline Physicians, LLC	Delaware
Montgomery Nursing Homes, Inc.	Pennsylvania
Monticello Healthcare Properties, LLC	Delaware
Moorestown Physicians, LLC	Delaware
Mount Vernon Physicians, LLC	Delaware
Mountain View Tenant, LLC	Delaware
MPG Crawfordsville, L.P.	Indiana
MPG Healthcare L.P.	Indiana
MS Arlington, L.P.	Indiana
MS Avon, L.P.	Indiana
MS Bradner, L.P.	Indiana
MS Brecksville, L.P.	Indiana
MS Brookville, L.P.	Indiana
MS Castleton, L.P.	Indiana
MS Chatham, L.P.	Indiana
MS Chesterfield, L.P.	Indiana
MS Currituck, L.P.	Indiana
MS Danville, L.P.	Indiana
MS Highland, L.P.	Indiana
MS Kokomo, L.P.	Indiana
MS Lexington, L.P.	Indiana
MS Mishawaka, L.P.	Indiana
MS Springfield, L.P.	Indiana
MS Stafford, L.P.	Indiana
MS Wabash, L.P.	Indiana
MS Westfield, L.P.	Indiana
MSH CA Master GP, LLC	Delaware
MSH Operating, LLC	Delaware
MSH/Bellevue Operating, LLC	Delaware
MSH/Cohasset Operating, LLC	Delaware
MSH/Decatur Operating, LLC	Delaware
MSH/Glen Cove Operating, LLC	Delaware
MSH/Hunter Mill Operating, LLC	Delaware
MSH/Malvern Operating, LLC	Delaware
MSH/Oakland Hills Operating, L.P.	California
MSH/Paramus Operating, LLC	Delaware
MSH/Walnut Creek Operating, LLC	Delaware
MSH/Wayland Operating, LLC	Delaware
MSH/West Essex Operating, LLC	Delaware
MSH/Whitemarsh Operating, LLC	Delaware
Murrieta Healthcare Investors, LLC	Delaware
Murrieta Healthcare Properties, LLC	Delaware
Newcross Ltd	Island of Jersey
Newtown Square Senior Living, L.L.C.	Delaware
NNA Akron Property, LLC	Delaware
North Cape Convalescent Center Associates, L.P.	Pennsylvania
North Pointe Tenant, LLC	Delaware
Northwest Total Care Center Associates L.P.	New Jersey
Nursing and Retirement Center of the Andovers, Inc.	Massachusetts
Oakland Care Centre Limited	United Kingdom
Ogilvie Facility Inc.	Ontario
One Veronica Drive Danvers LLC	Delaware
Oshawa Facility Inc.	Ontario
Ottershaw Property Holdings S.a.r.l.	Luxembourg

Overland Park Tenant, LLC	Delaware
Paramount Real Estate Services, Inc.	Delaware
Parkland Commons Subtenant, LLC	Delaware
Parthenon Property Holdings, LLC	Delaware
Pearland Shadow Creek Investors, LLC	Delaware
Pelican Marsh Subtenant, LLC	Delaware
Pelican Point Subtenant, LLC	Delaware
Pendleton Physicians, LLC	Delaware
Petoskey I, LLC	Delaware
Petoskey II, LLC	Delaware
Philadelphia Avenue Associates	Pennsylvania
Philadelphia Avenue Corporation	Pennsylvania
Pleasant View Retirement Limited Liability Company	Delaware
Plymouth I, LLC	Delaware
Pompton Associates, L.P.	New Jersey
Pompton Care, L.L.C.	New Jersey
Portsmouth Facility Inc.	Ontario
Prescott Nursing Home, Inc.	Massachusetts
Providence Health Care, Inc.	Delaware
PVL Landlord - BC, LLC	Delaware
PVL Landlord - Hattiesburg, LLC	Delaware
PVL Landlord - STL Hills, LLC	Delaware
PVL Landlord - Webster, LLC	Delaware
Queensbury Operations, Inc.	Virginia
Queensbury Tenant, LLC	Delaware
Queenswood Facility Inc.	Ontario
Raleigh Manor Limited Partnership	West Virginia
Redmond Partners, LLC	Delaware
Regal Lifestyle (Birkdale) Inc.	Ontario
Regal Lifestyle (Chatham) Inc.	Ontario
Regal Lifestyle (Grand Wood) Inc.	Ontario
Regal Lifestyle (Lynwood) Inc.	Ontario
Regal Lifestyle (Port Perry) Inc.	Ontario
Renoir Facility Inc.	Ontario
Residence l'Ermitage Inc.	Quebec
Residence Notre-Dame (Victoriaville) Inc.	Quebec
Rest Haven Nursing Home, Inc.	West Virginia
Restful Homes (Birmingham) Limited	United Kingdom
Restful Homes (Milton Keynes) Ltd.	United Kingdom
Restful Homes (Tile Cross) Ltd.	United Kingdom
Restful Homes (Warwickshire) Ltd.	United Kingdom
Restful Homes Developments Ltd.	United Kingdom
Restful Homes I Holding Company Ltd.	United Kingdom
Ridgmar Tenant, LLC	Island of Jersey
River Street Associates	Delaware
Riverbend Facility Inc.	Pennsylvania
Rose View Manor, Inc.	Ontario
Roseville Properties Limited	Pennsylvania
Ross Place Retirement Residence Inc. / Residence Pour Retraites Ross Place Inc.	United Kingdom
Roswell Tenant, LLC	British Columbia
RRR SAS Facilities Inc.	Delaware
RSF REIT V GP, L.L.C.	Ontario
RSF REIT V SP GP, L.L.C.	Texas
RSF REIT V SP, L.L.C.	Texas
RSF REIT V, LLC	Delaware
RSF SP Alamance V, L.P.	Maryland
RSF SP Canton V, L.P.	Texas
RSF SP Chapel Hill V L.P.	Texas
RSF SP Franklin V L.P.	Texas
RSF SP Guilford V, LP	Texas
RSF SP Harnett V, L.P.	Texas
RSF SP Liberty Ridge V L.P.	Texas
RSF SP Lillington AL V, L.P.	Texas
RSF SP Meadowview V L.P.	Texas
RSF SP Mitchell V L.P.	Texas
RSF SP Oakwood V, L.P.	Texas
RSF SP Scranton AL V, L.P.	Texas
RSF SP Scranton V, L.P.	Texas
RSF SP Smithfield V L.P.	Texas
RSF SP Stroudsburg V, L.P.	Texas
RSF SP Wilmington V L.P.	Texas
RSF SP Wrightsville V L.P.	Texas
RVNR, Inc.	Texas
S&R Property SPE, LLC	Delaware
Saints Investments Limited	Delaware
Santa Monica AL, LLC	United Kingdom
Santa Monica Assisted Living Owner, LLC	Delaware
Santa Monica GP, LLC	Delaware
Sarah Brayton General Partnership	Delaware
Schuylkill Nursing Homes, Inc.	Massachusetts
Scranton AL Investors, LLC	Pennsylvania
Scranton Health Investors, LLC	Virginia
SENIOR LIVING MEZZ B, LLC	Virginia
SENIOR LIVING MEZZ C, LLC	Delaware
SENIOR LIVING MEZZ D, LLC	Delaware
SENIOR LIVING MEZZ E, LLC	Delaware
Senior Living Ventures, Inc.	Delaware
	Pennsylvania

Senior Star Investments I, LLC	Delaware
Senior Star Investments Kenwood, LLC	Delaware
Senior Star Kenwood Holdco, LLC	Delaware
Senior Star Tenant Kenwood, LLC	Delaware
Senior Star Tenant, LLC	Delaware
Senior Star Wexford Tenant, LLC	Delaware
Seniors Housing Investment III REIT Inc.	Maryland
Shawnee Mission Investors II, LLC	Delaware
Shawnee Mission Investors, LLC	Delaware
Shelbourne Senior Living Limited	United Kingdom
SHP-ARC II, LLC	Delaware
Signature Devco 1 Property Holdings S.a.r.l.	Luxembourg
Signature Senior Landlord, LLC	Delaware
Silverado Senior Living Calabasas, Inc.	California
Silverado Senior Living Salt Lake City, Inc.	Delaware
Silverado Senior Living Scottsdale, Inc.	Delaware
Silverado Senior Living Tustin, Inc.	California
Silverado Senior Living, Inc.	California
Silvermere Ltd	Island of Jersey
Simi Valley CA Senior Living Owner, LLC	Delaware
SIPL Aurora Propco S.a.r.l.	Luxembourg
SIPL Finco S.a.r.l.	Luxembourg
SIPL Finco TRS S.a.r.l.	Luxembourg
SIPL Hancock Propco S.a.r.l.	Luxembourg
SIPL Holdco S.a.r.l.	Luxembourg
SIPL Investments S.a.r.l.	Luxembourg
SIPL Marlow S.a.r.l.	Luxembourg
SIPL Partner 1 S.a.r.l.	Luxembourg
SIPL Partner 10 S.a.r.l.	Luxembourg
SIPL Partner 11 S.a.r.l.	Luxembourg
SIPL Partner 2 S.a.r.l.	Luxembourg
SIPL Partner 3 S.a.r.l.	Luxembourg
SIPL Partner 4 S.a.r.l.	Luxembourg
SIPL Partner 5 S.a.r.l.	Luxembourg
SIPL Partner 6 S.a.r.l.	Luxembourg
SIPL Partner 7 S.a.r.l.	Luxembourg
SIPL Partner 8 S.a.r.l.	Luxembourg
SIPL Partner 9 S.a.r.l.	Luxembourg
SIPL Saints Propco S.a.r.l.	Luxembourg
SIPL Sunrise Propco S.a.r.l.	Luxembourg
Solomont Family Fall River Venture, Inc.	Massachusetts
Somerset Ridge General Partnership	Massachusetts
South Valley Medical Building L.L.C.	Minnesota
South Valley Venture, LLC	Minnesota
Southern Ocean GP, LLC	New Jersey
SP Green Ridge, LLC	Virginia
SP Harnett, LLC	Virginia
SP Lillington, LLC	Virginia
SP Virginia Beach, LLC	Virginia
SP Whitestone, LLC	Virginia
Spencer House Ltd	Island of Jersey
SR-73 and Lakeside Ave LLC	Delaware
SSL Aspen Park SPE LLC	Delaware
SSL Landlord, LLC	Delaware
SSL Sponsor, LLC	Delaware
SSL Tenant, LLC	Delaware
St. Anthony Physicians, LLC	Delaware
St. Clare Physicians II, LLC	Delaware
St. Clare Physicians, LLC	Delaware
St. Joseph Physicians, LLC	Delaware
St. Paul Healthcare Investors, LLC	Delaware
Stafford Associates of N.J., L.P.	New Jersey
Stafford Care Home Ltd	Island of Jersey
Stafford Convalescent Center, Inc.	Delaware
Stamford Physicians, LLC	Delaware
Sterling Investment Partners Ltd	Island of Jersey
Stittsville Facility Inc.	Ontario
Stroudsburg Health Investors, LLC	Virginia
Subtenant 10225 Cypresswood Drive, LLC	Delaware
Subtenant 1118 N. Stoneman Avenue, LLC	Delaware
Subtenant 11330 Farrah Lane, LLC	Delaware
Subtenant 1221 Seventh Street, LLC	Delaware
Subtenant 125 W. Sierra Madre Avenue, LLC	Delaware
Subtenant 1301 Ralston Avenue, LLC	Delaware
Subtenant 1430 East 4500 South, LLC	Delaware
Subtenant 1500 Borden Road, LLC	Delaware
Subtenant 1936 Brookdale Road, LLC	Delaware
Subtenant 22955 Eastex Freeway, LLC	Delaware
Subtenant 240 E. Third Street, LLC	Delaware
Subtenant 25100 Calabasas Road, LLC	Delaware
Subtenant 30311 Camino Capistrano, LLC	Delaware
Subtenant 330 North Hayworth Avenue, LLC	Delaware
Subtenant 335 Saxony Road, LLC	Delaware
Subtenant 350 W. Bay Street, LLC	Delaware
Subtenant 3611 Dickason Avenue, LLC	Delaware
Subtenant 514 N. Prospect Avenue, LLC	Delaware
Subtenant 5521 Village Creek Drive, LLC	Delaware

Subtenant 7950 Baybranch Drive, LLC	Delaware
Subtenant 8855 West Valley Ranch Parkway, LLC	Delaware
Subtenant 9410 E. Thunderbird, LLC	Delaware
Sun City Center Subtenant, LLC	Delaware
Sun City West Tenant, LLC	Delaware
Sun IV LLC	Delaware
Sunrise at Gardner Park Limited Partnership	Massachusetts
Sunrise Basking Ridge Assisted Living, L.L.C.	New Jersey
Sunrise Belmont Assisted Living, L.L.C.	California
Sunrise Bethesda (SL-AU), LLC	Delaware
Sunrise Bethesda (SL-HCU), LLC	Delaware
Sunrise Bloomfield South MI Senior Living, LLC	Delaware
Sunrise Bothell Senior Living, LLC	Delaware
Sunrise Buckhead GA Senior Living, LLC	Delaware
Sunrise Burlington Senior Living, LLC	Delaware
Sunrise Chesterfield Assisted Living, L.L.C.	Missouri
Sunrise Connecticut Avenue Assisted Living Owner, L.L.C.	Virginia
Sunrise Edison Owner, LLC	Delaware
Sunrise Edmonds Senior Living, LLC	Delaware
Sunrise Fairfax Assisted Living, L.L.C.	Virginia
Sunrise First Euro Properties GP Limited	Island of Jersey
Sunrise First Euro Properties LP	Island of Jersey
Sunrise Flossmoor Assisted Living, L.L.C.	Illinois
Sunrise Gahanna Assisted Living, L.L.C.	Ohio
Sunrise Gardner Park GP, Inc.	Massachusetts
Sunrise HBLR, LLC	Delaware
Sunrise Highland Park Senior Living, L.L.C.	Illinois
Sunrise Home Help Services Limited	United Kingdom
Sunrise Johns Creek GA Senior Living, LLC	Georgia
Sunrise Kennebunk ME Senior Living, LLC	Delaware
Sunrise Lafayette Hills Assisted Living, L.P.	Pennsylvania
Sunrise Lafayette Hills Senior Living GP, LLC	Delaware
Sunrise Louisville KY Senior Living, LLC	Kentucky
Sunrise Lower Makefield PA Senior Living, LP	Delaware
Sunrise Lynnfield Senior Living, LLC	Delaware
Sunrise Marlboro Assisted Living, L.L.C.	New Jersey
SUNRISE MEZZ A, LLC	Delaware
SUNRISE MEZZ B, LLC	Delaware
SUNRISE MEZZ C, LLC	Delaware
SUNRISE MEZZ D, LLC	Delaware
SUNRISE MEZZ E, LLC	Delaware
Sunrise Monterey Senior Living, LP	Delaware
Sunrise Monterey, LLC	Delaware
Sunrise North Naperville Assisted Living, L.L.C.	Illinois
Sunrise Northgate Senior Living, LLC	Delaware
Sunrise NY Tenant, LLC	Delaware
Sunrise Oakland Assisted Living Limited Partnership	California
Sunrise of Beaconsfield G.P. Inc.	New Brunswick
Sunrise of Beaconsfield, LP	Ontario
Sunrise of Blainville G.P. Inc.	New Brunswick
Sunrise of Blainville, LP	Ontario
Sunrise of Dollard des Ormeaux G.P. Inc.	New Brunswick
Sunrise of Dollard des Ormeaux, LP	Ontario
Sunrise Operations Bagshot II Limited	United Kingdom
Sunrise Operations Banstead Limited	United Kingdom
Sunrise Operations Bassett Limited	United Kingdom
Sunrise Operations Beaconsfield Limited	United Kingdom
Sunrise Operations Bramhall II Limited	United Kingdom
Sunrise Operations Cardiff Limited	United Kingdom
Sunrise Operations Chorleywood Limited	United Kingdom
Sunrise Operations Eastbourne Limited	United Kingdom
Sunrise Operations Edgbaston Limited	United Kingdom
Sunrise Operations Elstree Limited	United Kingdom
Sunrise Operations Esher Limited	United Kingdom
Sunrise Operations Fleet Limited	United Kingdom
Sunrise Operations Guildford Limited	United Kingdom
Sunrise Operations Hale Barns Limited	United Kingdom
Sunrise Operations Knowle Limited	United Kingdom
Sunrise Operations Moberley Limited	United Kingdom
Sunrise Operations Purley Limited	United Kingdom
Sunrise Operations Sevenoaks Limited	United Kingdom
Sunrise Operations Solihull Limited	United Kingdom
Sunrise Operations Sonning Limited	United Kingdom
Sunrise Operations Southbourne Ltd.	United Kingdom
Sunrise Operations Tettenhall Ltd.	United Kingdom
Sunrise Operations UK Limited	United Kingdom
Sunrise Operations V.W. Limited	United Kingdom
Sunrise Operations Westbourne Limited	United Kingdom
Sunrise Operations Weybridge Limited	United Kingdom
Sunrise Operations Winchester Limited	United Kingdom
Sunrise Paoli Assisted Living, L.P.	Pennsylvania
Sunrise Paoli Senior Living GP, LLC	Delaware
Sunrise Randolph Senior Living, L.L.C.	Delaware
Sunrise Senior Living International Limited Partnership	Island of Jersey
Sunrise Senior Living Investments, LLC	Virginia
Sunrise Senior Living Jersey Limited	Island of Jersey
Sunrise Third (Pool I) GP, LLC	Delaware

Sunrise Third (Pool I), LLC	Delaware
Sunrise Third (Pool I), LP	California
Sunrise Third (Pool II), LLC	Delaware
Sunrise Third (Pool III) GP, LLC	Delaware
Sunrise Third (Pool III), LLC	Delaware
Sunrise Third (Pool III), LP	California
Sunrise Third (Pool IV) GP, LLC	Delaware
Sunrise Third (Pool IV), LLC	Delaware
Sunrise Third (Pool IV), LP	California
Sunrise Third (Pool V), LLC	Delaware
Sunrise Third Alta Loma SL, LP	California
Sunrise Third Claremont SL, LP	California
Sunrise Third Crystal Lake SL, LLC	Illinois
Sunrise Third Dix Hills SL, LLC	New York
Sunrise Third East Setauket SL, LLC	New York
Sunrise Third Edgewater SL, LLC	New Jersey
Sunrise Third Gurnee SL, LLC	Illinois
Sunrise Third Holbrook SL, LLC	New York
Sunrise Third Lincroft SL, LLC	New Jersey
Sunrise Third Plainview SL, LLC	New York
Sunrise Third Roseville SL, LLC	Minnesota
Sunrise Third Schaumburg SL, LLC	Illinois
Sunrise Third Senior Living Holdings, LLC	Delaware
Sunrise Third Tustin SL, LP	California
Sunrise Third University Park SL, LLC	Colorado
Sunrise Third West Babylon SL, LLC	New York
Sunrise Third West Bloomfield SL, LLC	Michigan
Sunrise Village House LLC	Maryland
Sunrise Wake County NC Senior Living, LLC	North Carolina
Sunrise Webb Gin GA Senior Living, LLC	Delaware
Sunrise Weston Assisted Living, Limited Partnership	Massachusetts
Sunrise Yonkers SL, LLC	New York
Sunrise Yonkers/Upper St. Clair Holdings, LLC	Delaware
Sunvest Upper St. Clair MTE, LLC	Delaware
SV Yonkers, LLC	Delaware
SZR Beaconsfield Inc.	New Brunswick
SZR Blainville, Inc.	New Brunswick
SZR Dollard des Ormeaux, Inc.	New Brunswick
Tacoma Healthcare Investors, LLC	Delaware
Tampa Bay Subtenant, LLC	Delaware
Tanglewood Tenant, LLC	Delaware
Teays Valley Haven Limited Partnership	West Virginia
Terrace Gardens Retirement Facility Inc.	Ontario
The Apple Valley Limited Partnership	Massachusetts
The Apple Valley Partnership Holding Company, Inc.	Pennsylvania
The Commons at Abacoa Condominium Association, Inc.	Florida
The Courtyards Subtenant, LLC	Delaware
The Green (Solihull) Management Company Limited	United Kingdom
The House of Campbell, Inc.	West Virginia
The Multicare Companies, Inc.	Delaware
The Renaissance Resort Retirement Living Inc. / Complexe de Residence Renaissance Inc.	Canada
The Sarah Brayton Partnership Holding Company, Inc.	Delaware
The Somerset Partnership Holding Company, Inc.	Massachusetts
The Straus Group-Hopkins House, L.P.	New Jersey
The Straus Group-Old Bridge, L.P.	New Jersey
The Straus Group-Quakertown Manor, L.P.	New Jersey
The Straus Group-Ridgewood, L.P.	New Jersey
Trafalgar Facility Inc.	Ontario
Trent House Ltd	Island of Jersey
Trident Holding Company, LLC	Delaware
TV Arlington Tenant, LLC	Delaware
Upper St. Clair Senior Living, L.L.C.	Delaware
Valleyview Drive S.W. Property Inc.	British Columbia
Vankleek Facility Inc.	Ontario
Ventana Canyon Tenant, LLC	Delaware
Villa Chicoutimi Inc.	Quebec
Villa de l'Estrie Inc.	Quebec
Villa du Saguenay Inc.	Quebec
Villa Jonquiere Inc.	Quebec
Villa Rive-Sud Inc.	Quebec
Villas Realty & Investments, Inc.	Pennsylvania
Virginia Beach Health Investors, LLC	Virginia
Voorhees Healthcare Properties, LLC	Delaware
Voorhees Physicians, LLC	Delaware
Wake County NC Senior Living Owner, LLC	Delaware
Waldorf Property, LLC	Maryland
Wallingford Associates of Connecticut, L.P.	Delaware
Warrior LP Holdco, LLC	Delaware
Warwick Associates of Rhode Island, L.P.	Delaware
Waterstone I, LLC	Delaware
Wausau Healthcare Investors, LLC	Delaware
Wellesley Washington Street Housing I LLC	Delaware
Wellingborough House Ltd	Island of Jersey
Welltower Charitable Foundation	Delaware
Welltower Tennessee Properties, LLC	Delaware
Welltower TRS Holdco LLC	Delaware

West Boynton Investors, LLLP	Florida
Westford Littleton Road I LLC	Delaware
Westford Nursing and Retirement Center Limited Partnership	Massachusetts
Westford Nursing and Retirement Center, Inc.	Massachusetts
Westminster Junction Venture, LLC	Minnesota
White Lake I, LLC	Delaware
White Oak Assisted Living L.L.C.	Delaware
Willow Manor Nursing Home, Inc.	Massachusetts
Willowbrook Properties Holdco Ltd	Island of Jersey
Wilmington Assisted Living, L.L.C.	Delaware
Windrose 310 Properties, L.L.C.	Tennessee
Windrose Aberdeen I Properties, L.L.C.	Florida
Windrose Aberdeen II Properties, L.L.C.	Delaware
Windrose Atrium Properties, L.L.C.	Delaware
Windrose AWPC II Properties, LLC	Delaware
Windrose AZ-Tempe Properties, LLC	Delaware
Windrose Bartlett Properties, LLC	Delaware
Windrose Biltmore Properties, L.L.C.	Virginia
Windrose Central Medical II Properties, L.L.C.	Virginia
Windrose Central Medical III Properties, L.L.C.	Virginia
Windrose Central Medical Properties, L.L.C.	Delaware
Windrose Claremore Properties, LLC	Delaware
Windrose Congress I Properties, L.P.	Delaware
Windrose Congress II Properties, L.P.	Delaware
Windrose Coral Springs Properties, L.L.C.	Virginia
Windrose Cottonwood Properties, LLC	Delaware
Windrose Denton Properties, LLC	Delaware
Windrose East Valley Properties, LLC	Delaware
Windrose Fayetteville Properties, L.L.C.	Delaware
Windrose Frisco I Properties, LLC	Delaware
Windrose Frisco II Properties, LLC	Delaware
Windrose Glendale Properties, LLC	Delaware
Windrose Lafayette Properties, L.L.C.	Delaware
Windrose Lake Mead Properties, L.L.C.	Virginia
Windrose Lakewood Properties, L.L.C.	Virginia
Windrose Las Vegas Properties, LLC	Delaware
Windrose Los Alamitos Properties, LLC	Delaware
Windrose Los Gatos Properties, L.L.C.	Virginia
Windrose Medical Properties Management, L.L.C.	Virginia
Windrose Medical Properties, L.P.	Virginia
Windrose Mount Vernon Properties, L.L.C.	Virginia
Windrose Niagara Falls Properties, LLC	Delaware
Windrose Northside Properties, Ltd.	Florida
Windrose Northwest Professional Plaza Properties, LLC	Delaware
Windrose Orange Centre Properties, L.L.C.	Delaware
Windrose Orange Properties, L.L.C.	Delaware
Windrose Palm Court Properties, L.L.C.	Virginia
Windrose Palmer Properties, LLC	Delaware
Windrose Palms West III Properties, Ltd.	Florida
Windrose Palms West IV Properties, Ltd.	Florida
Windrose Palms West V Properties, Ltd.	Florida
Windrose Park Medical Properties, L.L.C.	Virginia
Windrose Partell Medical Center, L.L.C.	Virginia
Windrose Physicians Plaza Properties, LLC	Delaware
Windrose Princeton Properties, L.L.C.	Delaware
Windrose Santa Anita Properties, L.L.C.	Delaware
Windrose Sierra Properties, Ltd.	Florida
Windrose Southlake Properties, LLC	Delaware
Windrose Southpointe Properties, L.L.C.	Delaware
Windrose Southside Properties, Ltd.	Florida
Windrose SPE Mount Vernon Properties, Inc.	Georgia
Windrose St. Louis I Properties, LLC	Delaware
Windrose St. Mary's Medical Professional Building, L.L.C.	Virginia
Windrose TSM I Properties, LLC	Delaware
Windrose Tucson Properties, LLC	Delaware
Windrose Tulsa Properties, L.L.C.	Delaware
Windrose Webster Properties, L.P.	Delaware
Windrose Wellington Properties, LLC	Delaware
Windrose Wellington Properties, Ltd.	Florida
Windrose West Boca Properties, Ltd.	Florida
Windrose West Seneca Properties, LLC	Delaware
Windrose West Tower Properties, Ltd.	Florida
Windrose WPC Jupiter Properties, LLC	Delaware
Windrose WPC Properties, L.P.	Delaware
Windrose Yorkville Properties, L.L.C.	Virginia
WMP AWPC II Management, LLC	Delaware
WMP Boynton Beach Management, LLC	Delaware
WMP Cottonwood Management, LLC	Delaware
WMP East Valley Management, LLC	Delaware
WMP Niagara Falls Management, LLC	Delaware
WMP Northwest Professional Plaza Management, LLC	Delaware

WMP Physicians Plaza Management, LLC	Delaware
WMP Southlake Management, LLC	Delaware
WMP TSM I Management, LLC	Delaware
WMP Wellington Management, LLC	Delaware
WMP West Seneca Management, LLC	Delaware
WMPT Aberdeen I Management, L.L.C.	Delaware
WMPT Aberdeen II Management, L.L.C.	Delaware
WMPT Atrium Management, L.L.C.	Delaware
WMPT AZ-Tempe Management, LLC	Delaware
WMPT Bartlett Management, LLC	Delaware
WMPT Bellaire HP Properties, L.L.C.	Virginia
WMPT Bellaire L.P.	Virginia
WMPT Bellaire POB Properties, L.L.C.	Virginia
WMPT Bellaire Properties, L.L.C.	Virginia
WMPT Boynton West Management, LLC	Delaware
WMPT Claremore Management, LLC	Delaware
WMPT Congress I Management, L.L.C.	Delaware
WMPT Congress II Management, L.L.C.	Delaware
WMPT Frisco I Management, LLC	Delaware
WMPT Frisco II Management, LLC	Delaware
WMPT Glendale Management, LLC	Delaware
WMPT Lafayette Management, L.L.C.	Delaware
WMPT Las Vegas Management, LLC	Delaware
WMPT Los Alamitos Management, LLC	Delaware
WMPT Northside Management, L.L.C.	Delaware
WMPT Orange Centre Management, L.L.C.	Delaware
WMPT Palmer Management, LLC	Delaware
WMPT Palms West III Management, L.L.C.	Delaware
WMPT Palms West IV Management, L.L.C.	Delaware
WMPT Palms West V Management, L.L.C.	Delaware
WMPT Pearland II Properties, L.L.C.	Virginia
WMPT Pearland II, L.P.	Virginia
WMPT Pearland Properties, L.L.C.	Virginia
WMPT Pearland, L.P.	Virginia
WMPT Princeton Management, L.L.C.	Delaware
WMPT Sacramento Properties, L.L.C.	Virginia
WMPT Sacramento, L.P.	Virginia
WMPT Santa Anita Management, L.L.C.	Delaware
WMPT Sierra Management, L.L.C.	Delaware
WMPT Southpointe Management, L.L.C.	Delaware
WMPT Southside Management, L.L.C.	Delaware
WMPT St. Louis I Management, LLC	Delaware
WMPT Stone Oak Properties, L.L.C.	Virginia
WMPT Stone Oak, L.P.	Virginia
WMPT Tomball Properties, L.L.C.	Virginia
WMPT Tomball, L.P.	Virginia
WMPT Tucson Management, LLC	Delaware
WMPT Tulsa Management, L.L.C.	Delaware
WMPT Webster Management, L.L.C.	Delaware
WMPT Wellington Management, L.L.C.	Delaware
WMPT West Boca Management, L.L.C.	Delaware
WMPT West Tower Management, L.L.C.	Delaware
WMPT WPC Jupiter Management, LLC	Delaware
WMPT WPC Management, L.L.C.	Delaware
WTP Healthcare Properties, LLC	Delaware
Wyncote Healthcare Corp.	Pennsylvania

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following registration statements:

- Registration Statement (Form S-8 No. 333-126195) dated June 28, 2005 pertaining to the Health Care REIT, Inc. 2005 Long-Term Incentive Plan;
- Registration Statement (Form S-8 No. 333-161131) dated August 6, 2009 pertaining to the Amended and Restated Health Care REIT, Inc. 2005 Long-Term Incentive Plan;
- Registration Statement (Form S-3 No. 333-203802) dated May 1, 2015 pertaining to an indeterminate amount of debt securities, common stock, preferred stock, depository shares, warrants and units of Health Care REIT, Inc.; and
- Registration Statement (Form S-3 No. 333-203803) dated May 1, 2015 pertaining to the Health Care REIT, Inc. Fifth Amended and Restated Dividend Reinvestment and Stock Purchase Plan;

of our reports dated February 18, 2016, with respect to the consolidated financial statements and schedules of Welltower Inc. and the effectiveness of internal control over financial reporting of Welltower Inc. included in this Annual Report (Form 10-K) of Welltower Inc., for the year ended December 31, 2015.

/s/ ERNST & YOUNG LLP

Toledo, Ohio
February 18, 2016

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, a director or officer of Welltower Inc. (the "Company"), a Delaware corporation, hereby constitutes and appoints Thomas J. DeRosa and Scott A. Estes, and each of them, his or her true and lawful attorneys-in-fact and agents, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the year ended December 31, 2015 to be filed by the Company with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of this 18th day of February 2016.

/s/ Jeffrey H. Donahue

Jeffrey H. Donahue, Chairman of the Board

/s/ Kenneth J. Bacon

Kenneth J. Bacon, Director

/s/ Fred S. Klipsch

Fred S. Klipsch, Director

/s/ Geoffrey G. Meyers

Geoffrey G. Meyers, Director

/s/ Timothy J. Naughton

Timothy J. Naughton, Director

/s/ Sharon M. Oster

Sharon M. Oster, Director

/s/ Judith C. Pelham

Judith C. Pelham, Director

/s/ Sergio D. Rivera

Sergio D. Rivera, Director

/s/ R. Scott Trumbull

R. Scott Trumbull, Director

/s/ Thomas J. DeRosa

Thomas J. DeRosa, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Scott A. Estes

Scott A. Estes, Executive Vice President and Chief
Financial Officer (Principal Financial Officer)

/s/ Paul D. Nungester, Jr.

Paul D. Nungester, Jr., Senior Vice President and
Controller (Principal Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this annual report on Form 10-K 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: February 18, 2016

/s/ THOMAS J. DEROSA

Thomas J. DeRosa,
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

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

1. I have reviewed this annual report on Form 10-K 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: February 18, 2016

/s/ SCOTT A. ESTES

Scott A. Estes,
Chief Financial Officer

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 Annual Report on Form 10-K for the Company for the year ended December 31, 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: February 18, 2016

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.

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 Annual Report on Form 10-K for the Company for the year ended December 31, 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: February 18, 2016

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.
