



HEALTHCARE  REIT[™]

NON-GAAP FINANCIAL MEASURES
QUARTER ENDED DECEMBER 31, 2014

NON-GAAP FINANCIAL MEASURES

Health Care REIT, Inc. (HCN) believes that net income attributable to common stockholders (NICS), as defined by U.S. generally accepted accounting principles (U.S. GAAP), is the most appropriate earnings measurement. However, the company considers funds from operations (FFO), funds available for distribution (FAD), earnings before interest taxes depreciation and amortization (EBITDA), net operating income (NOI) and revenues per occupied room (REVPOR) to be useful supplemental measures of its operating performance.

HCN's 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. HCN's management uses these financial measures to facilitate internal and external comparisons to historical operating results and in making operating decisions. Additionally, these measures are utilized by the Board of Directors to evaluate management. EBITDA is also used primarily to determine our compliance with financial covenants in our primary line of credit arrangement, senior unsecured notes and Canadian denominated term loan.

None of the supplemental reporting 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 reporting measures, as defined by HCN, may not be comparable to similarly entitled items reported by other real estate investment trusts or other companies. Multi-period amounts may not equal the sum of the individual quarterly amounts due to rounding.

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 funds from operations (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 impairments of depreciable assets, plus real estate depreciation and amortization, and after adjustments for unconsolidated entities and noncontrolling interests. Normalized FFO represents FFO adjusted for certain items detailed in the reconciliations.

Funds available for distribution (FAD) represents FFO excluding net straight-line rental adjustments, amortization related to above/below market leases, amortization of non-cash interest expenses and less cash used to fund capital expenditures, tenant improvements and lease commissions. Normalized FAD represents FAD excluding prepaid/straight-line rent cash receipts and adjusted for certain items detailed in the reconciliations.

We believe that normalized FFO and normalized FAD are useful supplemental measures of operating performance because investors and equity analysts may use these measures to compare our operating performance between periods or as compared to other REITs or other companies on a consistent basis without having to account for differences caused by unanticipated and/or incalculable items.

FFO QUARTERLY RECONCILIATIONS

(in thousands, except per share information)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Funds From Operations:					
Net income attributable to common stockholders	\$11,473	\$50,022	\$71,829	\$136,255	\$188,636
Depreciation and amortization ⁽¹⁾	243,380	233,318	214,449	200,970	195,393
Losses/impairments (gains) on properties, net	8,064	-	(13,079)	(29,604)	(110,839)
Noncontrolling interests ⁽²⁾	(10,362)	10,520	(9,741)	(9,359)	(8,234)
Unconsolidated entities ⁽³⁾	12,522	15,983	20,787	18,250	19,560
Funds from operations - NAREIT	265,077	288,803	284,245	316,512	284,516
Loss (gain) on derivatives, net	6	-	351	49	(1,895)
Transaction costs	15,693	952	7,040	13,554	47,991
Loss (gain) on extinguishment of debt, net	3,467	(148)	531	2,692	6,484
Provision for loan losses	2,110	-	-	-	-
CEO transition costs ⁽⁴⁾	-	-	19,688	-	-
Nonrecurring income tax benefits ⁽⁵⁾	-	-	-	(17,426)	-
Other expenses ⁽⁶⁾	-	-	-	10,262	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	(127)	105	4,502	488	566
Funds from operations - normalized	\$286,226	\$289,712	\$316,357	\$326,131	\$337,662
Average common shares outstanding:					
Basic	288,133	289,606	296,256	311,117	327,492
Diluted	289,677	290,917	297,995	312,812	329,130
Net income attributable to common stockholders per share:					
Basic	\$0.04	\$0.17	\$0.24	\$0.44	\$0.58
Diluted	\$0.04	\$0.17	\$0.24	\$0.44	\$0.57
Funds from operations - NAREIT per share:					
Basic	\$0.92	\$1.00	\$0.96	\$1.02	\$0.87
Diluted	\$0.92	\$0.99	\$0.95	\$1.01	\$0.86
Funds from operations normalized per share:					
Basic	\$0.99	\$1.00	\$1.07	\$1.05	\$1.03
Diluted	\$0.99	\$1.00	\$1.06	\$1.04	\$1.03
Funds From Operations - NAREIT Payout Ratio:					
Dividends paid to common stockholders	\$0.765	\$0.795	\$0.795	\$0.795	\$0.795
Diluted funds from operations NAREIT per share	\$0.92	\$0.99	\$0.95	\$1.01	\$0.86
FFO - NAREIT payout ratio	83%	80%	84%	79%	92%
Funds From Operations Normalized Payout Ratio:					
Dividends paid to common stockholders	\$0.765	\$0.795	\$0.795	\$0.795	\$0.795
Diluted funds from operations per share - normalized	\$0.99	\$1.00	\$1.06	\$1.04	\$1.03
FFO normalized payout ratio	77%	80%	75%	76%	77%

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

(2) Represents noncontrolling interests' share of net FFO adjustments.

(3) Represents HCN's share of net FFO adjustments from unconsolidated entities.

(4) Costs associated with CEO retirement and transition, including compensation and professional services.

(5) Related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(6) Related to costs incurred in connection with nonrecurring income tax benefits.

FFO ANNUAL RECONCILIATIONS

(in thousands, except per share information)

	Year Ended				
	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Funds From Operations					
Net income attributable to common stockholders	\$106,882	\$157,108	\$221,884	\$78,714	\$446,745
Depreciation and amortization ⁽¹⁾	202,543	423,605	533,585	873,960	844,130
Losses/impairments (gains) on properties, net	(35,168)	(48,966)	(71,262)	(49,138)	(153,522)
Noncontrolling interests ⁽²⁾	(2,749)	(18,557)	(21,058)	(36,304)	(37,852)
Unconsolidated entities ⁽³⁾	8,514	11,712	34,408	57,652	74,580
Funds from operations - NAREIT	280,022	524,902	697,557	924,884	1,174,081
Nonrecurring G&A expenses	3,853	-	4,316	-	-
Realized loss on derivatives	-	-	(1,825)	4,470	(1,495)
Transaction costs	46,660	70,224	61,609	133,401	69,538
Preferred stock redemption charge	-	-	6,242	-	-
Loss (gain) on extinguishment of debt, net	34,171	(979)	(775)	(909)	9,558
Provision for loan losses	29,684	2,010	27,008	2,110	-
CEO transition costs ⁽⁴⁾	-	-	-	-	19,688
Nonrecurring income tax benefits ⁽⁵⁾	-	-	-	-	(17,426)
Other expenses ⁽⁶⁾	-	-	-	-	10,262
Held for sale hospital operating expenses	1,753	1,653	215	-	-
Additional other income	(1,000)	(3,774)	-	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	-	-	(1,985)	5,661
Funds from operations - normalized	\$395,143	\$594,036	\$794,347	\$1,061,971	\$1,269,867
Average common shares outstanding:					
Basic	127,656	173,741	224,343	276,929	306,272
Diluted	128,208	174,401	225,953	278,761	307,747
Net income attributable to common stockholders per share:					
Basic	\$0.84	\$0.90	\$0.99	\$0.28	\$1.46
Diluted	\$0.83	\$0.90	\$0.98	\$0.28	\$1.45
Funds from operations - NAREIT per share:					
Basic	\$2.19	\$3.02	\$3.11	\$3.34	\$3.83
Diluted	\$2.18	\$3.01	\$3.09	\$3.32	\$3.82
Funds from operations normalized per share:					
Basic	\$3.10	\$3.42	\$3.54	\$3.83	\$4.15
Diluted	\$3.08	\$3.41	\$3.52	\$3.81	\$4.13
Funds From Operations - NAREIT Payout Ratio:					
Dividends paid to common stockholders	\$2.74	\$2.835	\$2.96	\$3.06	\$3.18
Diluted funds from operations NAREIT per share	\$2.18	\$3.01	\$3.09	\$3.32	\$3.82
FFO - NAREIT payout ratio	126%	94%	96%	92%	83%
Funds From Operations Normalized Payout Ratio:					
Dividends paid to common stockholders	\$2.74	\$2.835	\$2.96	\$3.06	\$3.18
Diluted funds from operations per share - normalized	\$3.08	\$3.41	\$3.52	\$3.81	\$4.13
FFO normalized payout ratio	89%	83%	84%	80%	77%

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

(2) Represents noncontrolling interests' share of depreciation and amortization.

(3) Represents HCN's share of net FFO adjustments from unconsolidated entities.

(4) Costs associated with CEO retirement and transition, including compensation and professional services.

(5) Related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(6) Related to costs incurred in connection with nonrecurring income tax benefits.

(dollars per fully diluted share)

	Year Ended December 31, 2015		
	Low	Mid-point	High
Net income attributable to common stockholders	\$1.70	\$1.75	\$1.80
Depreciation and amortization ⁽¹⁾	2.55	2.55	2.55
Funds from operations- NAREIT	\$4.25	\$4.30	\$4.35

(1) Amounts presented net of noncontrolling interests' share and HCN's share of unconsolidated entities.

FAD QUARTERLY RECONCILIATIONS

(in thousands, except per share information)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Funds Available for Distribution:					
Net income attributable to common stockholders	\$11,473	\$50,022	\$71,829	\$136,255	\$188,636
Depreciation and amortization ⁽¹⁾	243,380	233,318	214,449	200,970	195,393
Losses/impairments (gains) on properties, net	8,064	-	(13,079)	(29,604)	(110,839)
Noncontrolling interests ⁽²⁾	(9,267)	(9,522)	(8,361)	(8,157)	(6,936)
Unconsolidated entities ⁽³⁾	9,659	14,399	18,881	16,995	18,420
Gross straight-line rental income	(15,836)	(16,589)	(22,958)	(24,085)	(24,439)
Prepaid/straight-line rent receipts	1,278	461	2,656	(235)	3,382
Amortization related to above (below) market leases, net	54	85	280	138	236
Non-cash interest expense	363	330	1,649	547	(100)
Cap ex, tenant improvements, lease commissions	(19,568)	(12,392)	(13,796)	(17,768)	(15,178)
Funds available for distribution	229,600	260,112	251,550	275,056	248,575
Loss (gain) on derivatives, net	6	-	351	49	(1,895)
Transaction costs	15,693	952	7,040	13,554	47,991
Loss (gain) on extinguishment of debt, net	3,467	(148)	531	2,692	6,484
CEO transition costs ⁽⁴⁾	-	-	19,688	-	-
Provision for loan losses	2,110	-	-	-	-
Nonrecurring income tax benefits ⁽⁵⁾	-	-	-	(17,426)	-
Other expenses ⁽⁶⁾	-	-	-	10,262	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	(127)	105	4,502	488	566
Prepaid/straight-line rent receipts	(1,278)	(461)	(2,656)	235	(3,382)
Funds available for distribution - normalized	\$249,471	\$260,560	\$281,006	\$284,910	\$298,339
Average common shares outstanding:					
Basic	288,133	289,606	296,256	311,117	327,492
Diluted	289,677	290,917	297,995	312,812	329,130
Net income attributable to common stockholders per share:					
Basic	\$0.04	\$0.17	\$0.24	\$0.44	\$0.58
Diluted	\$0.04	\$0.17	\$0.24	\$0.44	\$0.57
Funds available for distribution per share:					
Basic	\$0.80	\$0.90	\$0.85	\$0.88	\$0.76
Diluted	\$0.79	\$0.89	\$0.84	\$0.88	\$0.76
Funds available for distribution - normalized:					
Basic	\$0.87	\$0.90	\$0.95	\$0.92	\$0.91
Diluted	\$0.86	\$0.90	\$0.94	\$0.91	\$0.91
Funds Available for Distribution Payout Ratio:					
Dividends paid to common stockholders	\$0.765	\$0.795	\$0.795	\$0.795	\$0.795
Diluted funds available for distribution per share	\$0.79	\$0.89	\$0.84	\$0.88	\$0.76
FAD payout ratio	97%	89%	95%	90%	105%
Funds Available for Distribution Payout Ratio - Normalized					
Dividends paid to common stockholders	\$0.765	\$0.795	\$0.795	\$0.795	\$0.795
Diluted funds available for distribution per share - normalized	\$0.86	\$0.90	\$0.94	\$0.91	\$0.91
FAD payout ratio - normalized	89%	88%	85%	87%	87%

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

(2) Represents noncontrolling interests' share of net FAD adjustments.

(3) Represents HCN's share of net FAD adjustments from unconsolidated entities.

(4) Costs associated with CEO retirement and transition, including compensation and professional services.

(5) Related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(6) Related to costs incurred in connection with nonrecurring income tax benefits.

FAD ANNUAL RECONCILIATIONS

(in thousands, except per share information)

	Year Ended				
	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Funds Available for Distribution:					
Net income attributable to common stockholders	\$106,882	\$157,108	\$221,884	\$78,714	\$446,745
Depreciation and amortization ⁽¹⁾	202,543	423,605	533,585	873,960	844,130
Losses/impairments (gains) on properties, net	(35,168)	(48,966)	(71,262)	(49,138)	(153,522)
Noncontrolling interests ⁽²⁾	(2,708)	(16,325)	(17,871)	(32,031)	(32,978)
Unconsolidated entities ⁽³⁾	3,485	5,149	25,437	43,422	68,718
Gross straight-line rental income	(14,717)	(41,067)	(52,322)	(58,880)	(88,073)
Prepaid/straight-line rent receipts	8,537	9,489	19,959	6,229	6,264
Amortization related to above (below) market leases, net	(2,856)	(2,507)	873	217	739
Non-cash interest expense	13,945	13,905	11,395	4,142	2,427
Cap ex, tenant improvements, lease commissions	(21,799)	(36,073)	(45,175)	(60,984)	(59,134)
Funds available for distribution	258,144	464,318	626,503	805,651	1,035,316
Nonrecurring G&A expenses	3,853	-	4,316	-	-
Loss (gain) on derivatives, net	-	-	(1,825)	4,470	(1,495)
Transaction costs	46,660	70,224	61,609	133,401	69,538
Loss (gain) on extinguishment of debt, net	34,171	(979)	(775)	(909)	9,558
Provision for loan losses	29,684	2,010	27,008	2,110	-
CEO transaction costs ⁽⁴⁾	-	-	-	-	19,688
Nonrecurring income tax benefits ⁽⁵⁾	-	-	-	-	(17,426)
Other expenses ⁽⁶⁾	-	-	-	-	10,262
Held for sale hospital operating expenses	1,753	1,653	215	-	-
Additional other income	(1,000)	(3,774)	-	-	-
Preferred stock redemption charge	-	-	6,242	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	-	-	(1,985)	5,661
Prepaid/straight-line rent receipts	(8,537)	(9,489)	(19,959)	(6,229)	(6,264)
Funds available for distribution - normalized	\$364,728	\$523,963	\$703,334	\$936,509	\$1,124,838
Average common shares outstanding:					
Basic	127,656	173,741	224,343	276,929	306,272
Diluted	128,208	174,401	225,953	278,761	307,747
Net income attributable to common stockholders per share:					
Basic	\$0.84	\$0.90	\$0.99	\$0.28	\$1.46
Diluted	\$0.83	\$0.90	\$0.98	\$0.28	\$1.45
Funds available for distribution per share:					
Basic	\$2.02	\$2.67	\$2.79	\$2.91	\$3.38
Diluted	\$2.01	\$2.66	\$2.77	\$2.89	\$3.36
Funds available for distribution - normalized					
Basic	\$2.86	\$3.02	\$3.14	\$3.38	\$3.67
Diluted	\$2.84	\$3.00	\$3.11	\$3.36	\$3.66
Funds Available for Distribution Payout Ratio:					
Dividends paid to common stockholders	\$2.74	\$2.835	\$2.96	\$3.06	\$3.18
Diluted funds available for distribution per share	\$2.01	\$2.66	\$2.77	\$2.89	\$3.36
FAD payout ratio	136%	107%	107%	106%	95%
Funds Available for Distribution Payout Ratio - Normalized:					
Dividends paid to common stockholders	\$2.74	\$2.835	\$2.96	\$3.06	\$3.18
Diluted funds available for distribution per share - normalized	\$2.84	\$3.00	\$3.11	\$3.36	\$3.66
FAD payout ratio - normalized	96%	95%	95%	91%	87%

(1) Depreciation and amortization includes depreciation and amortization from discontinued operations.

(2) Represents noncontrolling interests' share of net FAD adjustments.

(3) Represents HCN's share of net FAD adjustments from unconsolidated entities.

(4) Costs associated with CEO retirement and transition, including compensation and professional services.

(5) Related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(6) Related to costs incurred in connection with nonrecurring income tax benefits.

FAD OUTLOOK RECONCILIATIONS

(dollars per fully diluted share)

	Year Ended December 31, 2015		
	Low	Mid-point	High
Net income attributable to common stockholders	\$1.70	\$1.75	\$1.80
Depreciation and amortization ⁽¹⁾	2.55	2.55	2.55
Net straight-line rent and above/below amortization ⁽¹⁾	(0.23)	(0.23)	(0.23)
Cap-ex, tenant improvements, lease commissions ⁽¹⁾	(0.19)	(0.19)	(0.19)
Funds available for distribution	\$3.83	\$3.88	\$3.93

(1) Amounts presented net of noncontrolling interests' share and HCN's share of unconsolidated entities.

Net operating income (NOI) is used to evaluate the operating performance of our properties. We define NOI as total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our seniors housing operating and medical facility properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations or transaction costs. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets.

Same store cash NOI (SSCNOI) is used to evaluate the cash-based operating performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. For purposes of SSCNOI, same store is generally defined as those revenue-generating properties in the portfolio for the entire reporting periods as presented. Entrance fee communities and any properties acquired, developed, transitioned, sold or classified as held for sale during those periods are generally excluded from the same store amounts.

Revenues per occupied room (REVPOR) is used to evaluate the revenue-generating capacity and profit potential of our seniors housing portfolio independent of fluctuating occupancy rates. REVPOR is also used in comparison against industry and competitor statistics, if known, to evaluate the quality of our seniors housing portfolio.

We believe NOI, SSCNOI and REVPOR 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, SSCNOI and REVPOR to make decisions about resource allocations and to assess the property level performance of our properties.

NOI QUARTERLY RECONCILIATION

(dollars in thousands at HCN pro rata ownership)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenues					
Seniors housing triple-net					
Rental income	\$123,690	\$125,614	\$126,394	\$131,376	\$136,357
Interest income	3,513	3,815	4,091	4,333	6,263
Other income	218	102	306	96	52
Total revenues	127,421	129,531	130,791	135,805	142,672
Long-term/post-acute care					
Rental income	100,072	100,445	110,154	111,576	115,506
Interest income	3,586	3,525	3,508	2,924	2,616
Other income	42	35	13	878	1,466
Total revenues	103,700	104,005	113,675	115,378	119,588
Hospitals					
Rental income	11,048	10,853	10,497	6,410	2,788
Interest income	381	381	381	263	157
Other income	6	6	6	6	6
Total revenues	11,435	11,240	10,884	6,679	2,951
Seniors housing operating					
Resident fees and service	448,262	456,314	476,302	490,912	496,417
Interest income	-	-	11	1,054	1,054
Other income	251	51	1,260	319	1,532
Total revenues	448,513	456,365	477,573	492,285	499,003
Medical office					
Rental income	93,435	97,809	98,869	102,477	109,005
Interest income	858	873	942	770	707
Other income	420	295	362	206	160
Total revenues	94,713	98,977	100,173	103,453	109,872
Life science					
Rental income	11,435	10,977	10,763	9,862	9,615
Non-segment/corporate					
Other income	19	15	76	106	479
Total					
Rental income	339,680	345,698	356,677	361,701	373,271
Resident fees and service	448,262	456,314	476,302	490,912	496,417
Interest income	8,338	8,594	8,933	9,344	10,797
Other income	956	504	2,023	1,611	3,695
Total revenues	797,236	811,110	843,935	863,568	884,180
Property operating expenses:					
Long-term/post-acute care ⁽¹⁾	175	151	120	3	-
Seniors housing operating	301,814	308,054	315,092	325,093	332,397
Hospitals	291	91	327	38	-
Medical office buildings	29,859	32,509	32,816	33,768	34,925
Life science	4,047	3,842	3,752	3,859	3,748
Total property operating expenses	336,186	344,647	352,107	362,761	371,070
Net operating income:					
Seniors housing triple-net	127,421	129,531	130,791	135,805	142,672
Long-term/post-acute care	103,525	103,854	113,555	115,375	119,588
Hospitals	11,144	11,149	10,557	6,641	2,951
Seniors housing operating	146,699	148,311	162,481	167,192	166,606
Medical office buildings	64,854	66,468	67,357	69,685	74,947
Life science	7,388	7,135	7,011	6,003	5,867
Non-segment/corporate	19	15	76	106	479
Net operating income⁽²⁾	\$461,050	\$466,463	\$491,828	\$500,807	\$513,110

Notes:

During the quarter ended December 31, 2014, certain properties were reclassified from Hospitals to the newly named Long-Term/Post-Acute Care category, which was previously called Skilled Nursing/Post-Acute. Accordingly, all periods have been restated to reflect the current classifications.

(1) Certain of the reclassified properties referenced above had incurred property operating expenses in prior periods but all such properties have been sold as of December 31, 2014 and no such costs are expected to be incurred going forward.

(2) See page 12 for a reconciliation to net income (loss) attributable to common stockholders.



NOI QUARTERLY RECONCILIATION

(dollars in thousands)

	Three Months Ended				
	December 31, 2013	March 31, 2013	June 30, 2014	September 30, 2014	December 31, 2014
Net operating income ⁽¹⁾	\$461,050	\$466,463	\$491,828	\$500,807	\$513,110
Reconciling items:					
Interest expense ⁽²⁾	(124,485)	(120,956)	(121,099)	(118,435)	(120,707)
Depreciation and amortization ⁽²⁾	(243,380)	(233,318)	(214,449)	(200,970)	(195,393)
General & administrative expenses	(28,519)	(32,865)	(51,660)	(30,803)	(27,616)
Transaction costs	(15,693)	(952)	(7,040)	(13,554)	(47,991)
Gain (loss) on derivatives, net	(6)	-	(351)	(49)	1,895
Gain (loss) on extinguishment of debt, net	(3,467)	148	(531)	(2,692)	(6,484)
Provision for loan losses	(2,110)	-	-	-	-
Other expenses	-	-	-	(10,262)	-
Income tax benefit (expense)	(435)	(2,260)	(1,569)	10,198	(5,101)
Non-operating expense from unconsolidated entities & noncontrolling interests	(9,194)	(11,060)	(20,354)	(11,073)	(16,078)
Gain (loss/impairment) on properties, net	(8,064)	-	13,079	29,604	110,839
Preferred dividends	(16,531)	(16,353)	(16,352)	(16,352)	(16,352)
Loss (income) attributable to noncontrolling interests	2,307	1,175	327	(164)	(1,486)
	(449,577)	(416,441)	(419,999)	(364,552)	(324,474)
Net income (loss) attributable to common stockholders	\$11,473	\$50,022	\$71,829	\$136,255	\$188,636

(1) See page 11. Amounts reflected at HCN pro rata ownership.

(2) Includes amounts related to discontinued operations.

NOI ANNUAL RECONCILIATION

(dollars in thousands at HCN pro rata ownership)

	Year Ended				
	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Revenues					
Seniors housing triple-net					
Rental income	\$220,383	\$307,095	\$372,960	\$432,648	\$519,741
Interest income	21,562	21,014	16,156	14,378	18,502
Other income	3,058	6,166	1,495	1,331	556
Total revenues	245,003	334,275	390,611	448,357	538,799
Long-term/post acute care					
Rental income	195,791	351,886	415,439	393,899	437,682
Interest income	16,388	16,237	11,621	11,833	12,571
Other income	354	497	952	139	2,392
Total revenues	212,533	368,620	428,012	405,871	452,645
Hospitals					
Rental income	16,723	32,174	42,620	43,808	30,548
Interest income	2,149	3,094	2,877	2,004	1,182
Other income	35	26	25	25	24
Total revenues	18,907	35,294	45,522	45,837	31,754
Seniors housing operating					
Resident fees and services	40,805	408,386	692,696	1,659,586	1,919,947
Interest income	-	-	6,208	757	2,119
Other income	-	-	-	397	3,161
Total revenues	40,805	408,386	698,904	1,660,740	1,925,227
Medical office					
Rental income	169,268	235,451	322,625	367,651	408,160
Interest income	756	723	2,181	3,683	3,292
Other income	923	3,916	1,887	1,908	1,022
Total revenues	170,947	240,090	326,693	373,242	412,474
Life science					
Rental income	34,002	43,429	43,754	44,976	41,217
Non-segment/corporate					
Other income	2,874	690	669	296	677
Total					
Rental income	636,167	970,035	1,197,398	1,282,982	1,437,348
Resident fees and services	40,805	408,386	692,696	1,659,586	1,919,947
Interest income	40,855	41,068	39,043	32,655	37,666
Other income	7,244	11,295	5,028	4,096	7,832
Total revenues	725,071	1,430,784	1,934,165	2,979,319	3,402,793
Property operating expenses:					
Long-term/post acute care ⁽¹⁾	-	58	745	635	274
Hospitals	1,753	1,819	550	598	456
Seniors housing operating	26,097	282,438	467,600	1,119,280	1,280,636
Medical office buildings	51,792	66,864	97,971	118,031	134,018
Life science	9,707	13,151	13,667	15,433	15,201
Total property operating expenses	89,349	364,330	580,533	1,253,977	1,430,585
Net operating income:					
Seniors housing triple-net	245,003	334,275	390,611	448,357	538,799
Long-term/post acute care	212,533	368,562	427,267	405,236	452,371
Hospitals	17,154	33,475	44,972	45,239	31,298
Seniors housing operating	14,708	125,948	231,304	541,460	644,591
Medical office buildings	119,155	173,226	228,722	255,211	278,456
Life science	24,295	30,278	30,087	29,543	26,016
Non-segment/corporate	2,874	690	669	296	677
Net operating income⁽²⁾	\$635,722	\$1,066,454	\$1,353,632	\$1,725,342	\$1,972,208

During the quarter ended December 31, 2014, certain properties were reclassified from Hospitals to the newly named Long-Term/Post-Acute Care category, which was previously called Skilled Nursing/Post-Acute. Accordingly, all periods have been restated to reflect the current classifications.

(1) Certain of the reclassified properties referenced above had incurred property operating expenses in prior periods but all such properties have been sold as of December 31, 2014 and no such costs are expected to be incurred going forward.

(2) See page 14 for a reconciliation to net income (loss) attributable to common stockholders.

NOI ANNUAL RECONCILIATION

(dollars in thousands)

	Year Ended				
	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Net operating income ⁽¹⁾	\$635,722	\$1,066,454	\$1,353,632	\$1,725,342	\$1,972,208
Reconciling items:					
Interest expense ⁽²⁾	(160,960)	(321,999)	(383,300)	(462,606)	(481,197)
Depreciation and amortization ⁽²⁾	(202,543)	(423,605)	(533,585)	(873,960)	(844,130)
General & administrative expenses	(54,626)	(77,201)	(97,341)	(108,318)	(142,943)
Transaction costs	(46,660)	(70,224)	(61,609)	(133,401)	(69,538)
Gain (loss) on derivatives, net	-	-	1,825	(4,470)	1,495
Gain (loss) on extinguishment of debt, net	(34,171)	979	775	909	(9,558)
Provision for loan losses	(29,684)	(2,010)	(27,008)	(2,110)	-
Other expenses	-	-	-	-	(10,262)
Income tax benefit (expense)	(364)	(1,388)	(7,612)	(7,491)	1,267
Non-operating expenses from unconsolidated entities & noncontrolling interests	(12,998)	(7,256)	(22,199)	(44,753)	(58,564)
Gain (loss/impairment) on properties, net	35,168	48,966	71,262	49,138	153,522
Preferred dividends	(21,645)	(60,502)	(69,129)	(66,336)	(65,408)
Preferred stock redemption charge	-	-	(6,242)	-	-
Loss (income) attributable to noncontrolling interests	(357)	4,894	2,415	6,770	(147)
	(528,840)	(909,346)	(1,131,748)	(1,646,628)	(1,525,463)
Net income (loss) attributable to common stockholders	\$106,882	\$157,108	\$221,884	\$78,714	\$446,745

(1) See page 13. Amounts reflected at HCN pro rata ownership.

(2) Includes amounts related to discontinued operations.

SAME STORE CASH NOI RECONCILIATIONS

(dollars in thousands at HCN pro rata ownership)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Seniors housing triple-net					
NOI ⁽¹⁾	\$ 127,421	\$ 129,531	\$ 130,791	\$ 135,805	\$ 142,672
Non-cash NOI on same store properties	(1,466)	(1,441)	(1,479)	(2,148)	(1,829)
NOI attributable to non-same store properties	(18,673)	(20,247)	(20,975)	(24,249)	(30,722)
SSCNOI	107,282	107,843	108,337	109,408	110,121
Long-term/post-acute care					
NOI ⁽¹⁾	103,525	103,854	113,555	115,375	119,588
Non-cash NOI on same store properties	(7,320)	(7,296)	(13,677)	(14,020)	(14,232)
NOI attributable to non-same store properties	(10,199)	(10,421)	(11,543)	(12,817)	(16,712)
SSCNOI	86,006	86,137	88,335	88,538	88,644
Hospitals					
NOI ⁽¹⁾	11,144	11,149	10,557	6,641	2,951
NOI attributable to non-same store properties	(11,144)	(11,149)	(10,557)	(6,641)	(2,951)
SSCNOI	-	-	-	-	-
Seniors housing operating					
NOI ⁽¹⁾	146,699	148,311	162,481	167,192	166,606
Non-cash NOI on same store properties	193	263	264	247	246
NOI attributable to non-same store properties	124	(3,187)	(8,513)	(9,451)	(13,558)
NOI attributable to pre-HCN ownership ⁽²⁾	289	230	242	238	87
Normalizing adjustments ⁽³⁾	1,344	1,893	1,224	2,162	3,765
SSCNOI	148,649	147,510	155,698	160,388	157,146
Medical Office					
NOI ⁽¹⁾	64,854	66,468	67,357	69,685	74,947
Non-cash NOI on same store properties	(1,966)	(1,823)	(1,637)	(1,274)	(1,117)
NOI attributable to non-same store properties	(4,929)	(6,373)	(6,958)	(9,658)	(14,411)
SSCNOI	57,959	58,272	58,762	58,753	59,419
Life Science					
NOI ⁽¹⁾	7,388	7,135	7,011	6,003	5,867
Non-cash NOI on same store properties	(520)	(465)	(137)	(136)	(157)
SSCNOI	6,868	6,670	6,874	5,867	5,710
Corporate					
NOI ⁽¹⁾	19	15	76	106	479
NOI attributable to non-same store properties	(19)	(15)	(76)	(106)	(479)
SSCNOI	-	-	-	-	-
Total					
NOI ⁽¹⁾	461,050	466,463	491,828	500,807	513,110
Non-cash NOI on same store properties	(11,079)	(10,762)	(16,666)	(17,331)	(17,089)
NOI attributable to non-same store properties	(44,840)	(51,392)	(58,622)	(62,922)	(78,833)
Same store cash NOI pre-HCN ownership	289	230	242	238	87
Normalizing Adjustments	1,344	1,893	1,224	2,162	3,765
SSCNOI	\$ 406,764	\$ 406,432	\$ 418,006	\$ 422,954	\$ 421,040

(1) See page 11 for calculation of NOI.

(2) Primarily includes the majority partner's share of NOI for certain Sunrise properties in which HCN previously had a minority interest but owned 100% in 4Q14.

(3) Primarily includes adjustments to normalize management fees at the contractual rate, adjustments to translate Canadian properties at a USD/CAD rate of 1.01, and adjustments to translate UK properties at a GBP/USD rate of 1.60.

NAV NOI RECONCILIATION

(dollars in thousands at HCN pro rata ownership)

	Seniors Housing Triple-Net	Long-Term /Post-Acute Care	Hospital	Seniors Housing Operating	Medical Office	Life Science	Corporate / Other	Total
Three months ended December 31, 2014:								
Revenues	\$ 142,672	\$ 119,588	\$ 2,951	\$ 499,003	\$ 109,872	\$ 9,615	\$ 479	\$ 884,180
Property operating expenses	-	-	-	332,397	34,925	3,748	-	371,070
Net operating income⁽¹⁾	\$ 142,672	\$ 119,588	\$ 2,951	\$ 166,606	\$ 74,947	\$ 5,867	\$ 479	\$ 513,110
Adjust:								
Interest Income	(6,263)	(2,616)	(157)	(1,054)	(707)	-	-	(10,797)
Other Income	(52)	(1,466)	(6)	(1,532)	(160)	-	(479)	(3,695)
Sold / Held for sale	(8,735)	(3,514)	(2,788)	-	(213)	-	-	(15,250)
Non-Cash NOI	(5,850)	(15,063)	-	(558)	(2,240)	(157)	-	(23,868)
Timing Adjustments ⁽²⁾	3,597	4,520	-	873	1,745	-	-	10,735
NAV NOI at HCN ownership %	\$ 125,369	\$ 101,449	\$ -	\$ 164,335	\$ 73,372	\$ 5,710	\$ -	\$ 470,235
Annualized NAV NOI at HCN ownership %	\$ 501,476	\$ 405,796	\$ -	\$ 657,340	\$ 293,488	\$ 22,840	\$ -	\$ 1,880,940

(1) See pages 11 and 12.

(2) Represents timing adjustments for current quarter acquisitions, construction conversions and segment transitions.

SENIORS HOUSING OPERATING REVPOR

(dollars in thousands, except REVPOR)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Consolidated revenues less interest income	\$452,030	\$456,319	\$468,914	\$483,791	\$488,546
Unconsolidated revenues attributable to HCN ⁽¹⁾	24,619	28,001	37,176	37,763	39,506
Less revenues attributable to noncontrolling interests ⁽²⁾	(28,136)	(27,955)	(28,517)	(29,269)	(29,049)
Total revenues at HCN pro rata ownership	448,513	456,365	477,573	492,285	499,003
Less revenues not included in REVPOR calculation	-	-	(1,189)	(1,322)	(1,559)
Less non U.S. revenues	(130,478)	(129,478)	(132,801)	(140,887)	(141,947)
Total U.S. revenues	\$318,035	\$326,887	\$343,583	\$350,076	\$355,497
Average occupied units/month	16,649	17,010	17,740	17,928	18,141
REVPOR/month	\$6,316	\$6,495	\$6,474	\$6,456	\$6,479

(1) Represents HCN's interest in joint venture properties in which HCN is the minority partner.

(2) Represents minority partners' share in joint venture properties in which HCN is the majority partner.

EBITDA AND ADJUSTED EBITDA

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.

Covenants in our primary line of credit arrangement, senior unsecured notes and Canadian denominated term loan contain financial ratios based on a definition of EBITDA that is specific to those agreements. 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 defined EBITDA to include adjustments for stock-based compensation expense, provision for loan losses and gains/losses on extinguishment of debt. We also disclose Adjusted EBITDA which represents EBITDA (as defined) adjusted for transaction costs, gains/losses/impairments on properties, gains/losses on derivatives and timing adjustments for intraquarter investment activity. We use EBITDA and Adjusted EBITDA primarily to measure our interest and fixed charge coverage ratios. Fixed charges include total interest (excluding capitalized interest and non-cash interest expenses), secured debt principal amortization and preferred dividends. We also utilize EBITDA and Adjusted EBITDA to measure our net debt ratios, which is total debt less cash divided by annualized quarterly EBITDA and Adjusted EBITDA.

ADJUSTED EBITDA QUARTERLY RECONCILIATIONS

(dollars in thousands)

	Three Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Adjusted EBITDA:					
Net income	\$25,696	\$65,200	\$87,854	\$152,771	\$206,474
Interest expense ⁽¹⁾	124,485	120,956	121,099	118,435	120,707
Income tax expense (benefit)	435	2,260	1,569	(10,198)	5,101
Depreciation and amortization ⁽¹⁾	243,380	233,318	214,449	200,970	195,393
Stock-based compensation	3,527	7,667	14,170	4,271	5,967
Provision for loan losses	2,110	-	-	-	-
Loss (gain) on extinguishment of debt, net	3,467	(148)	531	2,692	6,484
EBITDA	\$403,100	\$429,253	\$439,672	\$468,941	\$540,126
Transaction costs	15,693	952	7,040	13,554	47,991
Losses/impairments (gains) on properties, net	8,064	-	(13,079)	(29,604)	(110,839)
Loss / (gain) on derivatives, net	6	-	351	49	(1,895)
CEO transition costs ⁽²⁾	-	-	10,465	-	-
Other expenses ⁽³⁾	-	-	-	10,262	-
Timing adjustments ⁽⁴⁾	3,306	4,842	3,630	(442)	(4,515)
Total adjustments	27,069	5,794	8,407	(6,181)	(69,258)
Adjusted EBITDA	\$430,169	\$435,047	\$448,079	\$462,760	\$470,868
Interest Coverage Ratio:					
Interest expense ⁽¹⁾	\$124,485	\$120,956	\$121,099	\$118,435	\$120,707
Non-cash interest expense	(264)	(330)	(1,649)	(547)	100
Capitalized interest	2,003	1,605	1,700	1,779	2,066
Total interest	126,224	122,231	121,150	119,667	122,873
EBITDA	\$403,100	\$429,253	\$439,672	\$468,941	\$540,126
Interest coverage ratio	3.19x	3.51x	3.63x	3.92x	4.40x
Adjusted EBITDA	\$430,169	\$435,047	\$448,079	\$462,760	\$470,868
Adjusted interest coverage ratio	3.41x	3.56x	3.70x	3.87x	3.83x
Fixed Charge Coverage Ratio:					
Total interest ⁽¹⁾	\$126,224	\$122,231	\$121,150	\$119,667	\$122,873
Secured debt principal amortization	16,312	15,455	15,803	14,549	16,473
Preferred dividends	16,531	16,353	16,352	16,352	16,352
Total fixed charges	159,067	154,039	153,305	150,568	155,698
EBITDA	\$403,100	\$429,253	\$439,672	\$468,941	\$540,126
Fixed charge coverage ratio	2.53x	2.79x	2.87x	3.11x	3.47x
Adjusted EBITDA	\$430,169	\$435,047	\$448,079	\$462,760	\$470,868
Adjusted fixed charge coverage ratio	2.70x	2.82x	2.92x	3.07x	3.02x
Net Debt to Adjusted EBITDA Ratio:					
Total debt	\$10,652,014	\$10,941,475	\$10,345,196	\$10,282,842	\$10,828,013
Less: cash and cash equivalents ⁽⁵⁾	(158,780)	(185,928)	(207,354)	(1,047,010)	(473,726)
Net debt	10,493,234	10,755,547	10,137,842	9,235,832	10,354,287
EBITDA Annualized	\$1,612,400	\$1,717,012	\$1,758,688	\$1,875,764	\$2,160,504
Net debt to EBITDA ratio	6.51x	6.26x	5.76x	4.92x	4.79x
Adjusted EBITDA Annualized	\$1,720,676	\$1,740,188	\$1,792,316	\$1,851,040	\$1,883,472
Net debt to adjusted EBITDA ratio	6.10x	6.18x	5.66x	4.99x	5.50x

(1) Interest expense and depreciation and amortization include properties sold or classified as held for sale.

(2) Costs associated with CEO retirement and transition, including cash-based compensation and professional services.

(3) Costs incurred related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(4) Represents timing adjustments for acquisitions, dispositions, construction conversions and segment transitions for the relevant periods.

(5) Includes IRC section 1031 deposits, if any.

ADJUSTED EBITDA ANNUAL RECONCILIATIONS

(dollars in thousands)

	Year Ended				
	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Adjusted EBITDA:					
Net income	\$128,884	\$212,716	\$294,840	\$138,280	\$512,300
Interest expense ⁽¹⁾	160,960	321,999	383,300	462,606	481,197
Income tax expense (benefit)	364	1,388	7,612	7,491	(1,267)
Depreciation and amortization ⁽¹⁾	202,543	423,605	533,585	873,960	844,130
Stock-based compensation	11,823	10,786	18,521	20,177	32,075
Provision for loan losses	29,684	2,010	27,008	2,110	-
Loss (gain) on extinguishment of debt, net	34,171	(979)	(775)	(909)	9,558
EBITDA	\$568,429	\$971,525	\$1,264,091	\$1,503,715	\$1,877,993
Transaction costs	46,660	70,224	61,609	133,401	69,538
Losses/impairments (gains) on properties, net	(35,168)	(48,966)	(71,262)	(49,138)	(153,522)
Loss / (gain) on derivatives, net	-	-	(1,825)	4,470	(1,495)
CEO transition costs ⁽²⁾	-	-	-	-	10,465
Other expenses ⁽³⁾	-	-	-	-	10,262
Timing adjustments ⁽⁴⁾	12,442	76,586	20,358	27,362	3,515
Total adjustments	23,934	97,844	8,880	116,095	(61,237)
Adjusted EBITDA	\$592,363	\$1,069,369	\$1,272,971	\$1,619,810	\$1,816,756
Interest Coverage Ratio:					
Interest expense ⁽¹⁾	\$160,960	\$321,999	\$383,300	\$462,606	\$481,197
Non-cash interest expense	(13,945)	(13,905)	(11,395)	(4,044)	(2,427)
Capitalized interest	20,792	13,164	9,777	6,700	7,150
Total interest	167,807	321,258	381,682	465,262	485,920
EBITDA	\$568,429	\$971,525	\$1,264,091	\$1,503,715	\$1,877,993
Interest coverage ratio	3.39x	3.02x	3.31x	3.23x	3.86x
Adjusted EBITDA	\$592,363	\$1,069,369	\$1,272,971	\$1,619,810	\$1,816,756
Adjusted interest coverage ratio	3.53x	3.33x	3.34x	3.48x	3.74x
Fixed Charge Coverage Ratio:					
Total interest ⁽¹⁾	\$167,807	\$321,258	\$381,682	\$465,262	\$485,920
Secured debt principal amortization	16,652	27,804	38,744	56,205	62,280
Preferred dividends	21,645	60,502	69,129	66,336	65,408
Total fixed charges	206,104	409,564	489,555	587,803	613,608
EBITDA	\$568,429	\$971,525	\$1,264,091	\$1,503,715	\$1,877,993
Fixed charge coverage ratio	2.76x	2.37x	2.58x	2.56x	3.06x
Adjusted EBITDA	\$592,363	\$1,069,369	\$1,272,971	\$1,619,810	\$1,816,756
Adjusted fixed charge coverage ratio	2.87x	2.61x	2.60x	2.76x	2.96x
Net Debt to Adjusted EBITDA Ratio:					
Total debt	\$4,469,736	\$7,240,752	\$8,531,899	\$10,652,014	\$10,828,013
Less: cash and cash equivalents ⁽⁵⁾	(131,570)	(163,482)	(1,033,764)	(158,780)	(473,726)
Net debt	4,338,166	7,077,270	7,498,135	10,493,234	10,354,287
EBITDA	\$568,429	\$971,525	\$1,264,091	\$1,503,715	\$2,160,504
Net debt to EBITDA ratio	7.63x	7.28x	5.93x	6.98x	4.79x
Adjusted EBITDA	\$592,363	\$1,069,369	\$1,272,971	\$1,619,810	\$1,816,756
Net debt to adjusted EBITDA ratio	7.32x	6.62x	5.89x	6.48x	5.70x

(1) Interest expense and depreciation include discontinued operations.

(2) Costs associated with CEO retirement and transition, including cash-based compensation and professional services.

(3) Costs incurred related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(4) Represents timing adjustments for acquisitions, dispositions, construction conversions and segment transitions for the relevant periods.

(5) Includes IRC section 1031 deposits, if any.

ADJUSTED EBITDA TRAILING TWELVE MONTHS RECONCILIATIONS

(dollars in thousands)

	Twelve Months Ended				
	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Adjusted EBITDA:					
Net income	\$138,280	\$131,682	\$212,355	\$331,522	\$512,300
Interest expense ⁽¹⁾	462,606	472,827	483,082	484,975	481,197
Income tax expense (benefit)	7,491	6,987	7,341	(5,934)	(1,267)
Depreciation and amortization ⁽¹⁾	873,960	920,156	934,128	892,117	844,130
Stock-based compensation	20,177	17,336	29,320	29,635	32,075
Provision for loan losses	2,110	2,110	2,110	2,110	-
Loss (gain) on extinguishment of debt, net	(909)	(749)	(218)	6,542	9,558
EBITDA	\$1,503,715	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993
Transaction costs	133,400	68,372	47,276	37,239	69,538
Losses/impairments (gains) on properties, net	(49,138)	33,354	(9,722)	(34,619)	(153,522)
Loss / (gain) on derivatives, net	4,471	2,162	5,229	406	(1,495)
CEO transition costs ⁽²⁾	-	-	10,465	10,465	10,465
Other expenses ⁽³⁾	-	-	-	10,262	10,262
Timing adjustments ⁽⁴⁾	27,362	22,304	(3,151)	(14,171)	3,515
Total adjustments	116,095	126,192	50,097	9,582	(61,237)
Adjusted EBITDA	\$1,619,810	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756
Interest Coverage Ratio:					
Interest expense ⁽¹⁾	\$462,606	\$472,827	\$483,082	\$484,975	\$481,197
Non-cash interest expense	(4,044)	6,700	7,014	7,087	(2,427)
Capitalized interest	6,700	(880)	(1,292)	(2,790)	7,150
Total interest	465,262	478,647	488,804	489,272	485,920
EBITDA	\$1,503,715	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993
Interest coverage ratio	3.23x	3.24x	3.41x	3.56x	3.86x
Adjusted EBITDA	\$1,619,810	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756
Adjusted interest coverage ratio	3.48x	3.50x	3.52x	3.58x	3.74x
Fixed Charge Coverage Ratio:					
Total interest ⁽¹⁾	\$465,262	\$478,647	\$488,804	\$489,272	\$485,920
Secured debt principal amortization	56,205	60,341	62,827	62,119	62,280
Preferred dividends	66,336	66,088	65,838	65,588	65,408
Total fixed charges	587,803	605,076	617,469	616,979	613,608
EBITDA	\$1,503,715	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993
Fixed charge coverage ratio	2.56x	2.56x	2.70x	2.82x	3.06x
Adjusted EBITDA	\$1,619,810	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756
Adjusted fixed charge coverage ratio	2.76x	2.77x	2.78x	2.84x	2.96x

(1) Interest expense and depreciation include discontinued operations.

(2) Costs associated with CEO retirement and transition, including cash-based compensation and professional services.

(3) Costs incurred related to elimination of deferred tax liabilities in the UK and expiration of statute of limitations for unrecognized tax benefits in the US.

(4) Represents timing adjustments for acquisitions, dispositions, construction conversions and segment transitions for the relevant periods.