



HEALTHCARE  REIT[™]

NON-GAAP FINANCIAL MEASURES
QUARTER ENDED MARCH 31, 2015

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 unsecured credit facility and senior unsecured notes.

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 normalizing 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 adjusted for certain normalizing items detailed in the reconciliations.

Normalizing items include adjustments for certain non-recurring or infrequent income/expenses that are described in our earnings press release for the relevant period ends.

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				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Funds From Operations:					
Net income attributable to common stockholders	\$50,022	\$71,829	\$136,255	\$188,636	\$190,799
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829
Losses/impairments (gains) on properties, net	-	(13,079)	(29,604)	(110,839)	(54,625)
Noncontrolling interests ⁽¹⁾	10,520	(9,741)	(9,359)	(8,234)	(7,249)
Unconsolidated entities ⁽²⁾	15,983	20,787	18,250	19,560	26,496
Funds from operations - NAREIT	288,803	284,245	316,512	284,516	344,250
Normalizing items:					
Loss (gain) on derivatives, net	-	351	49	(1,895)	(58,427)
Transaction costs	952	7,040	13,554	47,991	48,554
Loss (gain) on extinguishment of debt, net	(148)	531	2,692	6,484	15,401
CEO transition costs	-	19,688	-	-	-
Nonrecurring income tax benefits	-	-	(17,426)	-	-
Additional other income	-	-	-	-	(2,144)
Other expenses	-	-	10,262	-	695
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	105	4,502	488	566	1,334
Funds from operations - normalized	\$289,712	\$316,357	\$326,131	\$337,662	\$349,663
Average common shares outstanding:					
Basic	289,606	296,256	311,117	327,492	336,754
Diluted	290,917	297,995	312,812	329,130	337,812
Net income attributable to common stockholders per share:					
Basic	\$0.17	\$0.24	\$0.44	\$0.58	\$0.57
Diluted	\$0.17	\$0.24	\$0.44	\$0.57	\$0.56
Funds from operations - NAREIT per share:					
Basic	\$1.00	\$0.96	\$1.02	\$0.87	\$1.02
Diluted	\$0.99	\$0.95	\$1.01	\$0.86	\$1.02
Funds from operations normalized per share:					
Basic	\$1.00	\$1.07	\$1.05	\$1.03	\$1.04
Diluted	\$1.00	\$1.06	\$1.04	\$1.03	\$1.04
Funds From Operations - NAREIT Payout Ratio:					
Dividends paid to common stockholders	\$0.795	\$0.795	\$0.795	\$0.795	\$0.825
Diluted funds from operations -NAREIT per share	\$0.99	\$0.95	\$1.01	\$0.86	\$1.02
FFO - NAREIT payout ratio	80%	84%	79%	92%	81%
Funds From Operations Payout Ratio - Normalized:					
Dividends paid to common stockholders	\$0.795	\$0.795	\$0.795	\$0.795	\$0.825
Diluted funds from operations per share - normalized	\$1.00	\$1.06	\$1.04	\$1.03	\$1.04
FFO normalized payout ratio	80%	75%	76%	77%	79%

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

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

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
Normalizing items:					
Non-recurring 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	-	-	-	-	19,688
Nonrecurring income tax benefits	-	-	-	-	(17,426)
Other expenses	-	-	-	-	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 Payout Ratio - Normalized:					
Dividends paid to common stockholders	\$2.74	\$2.835	\$2.960	\$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.

FFO OUTLOOK RECONCILIATIONS

(dollars per fully diluted share)

	Year Ended December 31, 2015		
	Low	Mid-point	High
Net income attributable to common stockholders	\$2.62	\$2.67	\$2.72
Losses/impairments (gains) on sale of properties, net ^(1,2)	(0.78)	(0.78)	(0.78)
Depreciation and amortization ⁽¹⁾	2.39	2.39	2.39
Funds from operations - NAREIT	4.23	4.28	4.33
Normalizing items, net ⁽³⁾	0.02	0.02	0.02
Funds from operations - normalized	\$4.25	\$4.30	\$4.35

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

(2) Includes estimated gains on expected dispositions.

(3) See Earnings Release dated May 8, 2015.

FAD QUARTERLY RECONCILIATIONS

(in thousands, except per share information)

	Three Months Ended				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Funds Available for Distribution:					
Net income attributable to common stockholders	\$50,022	\$71,829	\$136,255	\$188,636	\$190,799
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829
Losses/impairments (gains) on properties, net	-	(13,079)	(29,604)	(110,839)	(54,625)
Noncontrolling interests ⁽¹⁾	(9,522)	(8,361)	(8,157)	(6,936)	(6,338)
Unconsolidated entities ⁽²⁾	14,399	18,881	16,995	18,420	25,837
Gross straight-line rental income	(16,589)	(22,958)	(24,085)	(24,439)	(28,537)
Amortization related to above (below) market leases, net	85	280	138	236	113
Non-cash interest expense	330	1,649	547	(100)	119
Cap ex, tenant improvements, lease commissions	(12,392)	(13,796)	(17,768)	(15,178)	(10,485)
Funds available for distribution	259,651	248,894	275,291	245,193	305,712
Normalizing items:					
Loss (gain) on derivatives, net	-	351	49	(1,895)	(58,427)
Transaction costs	952	7,040	13,554	47,991	48,554
Loss (gain) on extinguishment of debt, net	(148)	531	2,692	6,484	15,401
CEO transition costs	-	19,688	-	-	-
Provision for loan losses	-	-	-	-	-
Nonrecurring income tax benefits	-	-	(17,426)	-	-
Additional other income	-	-	-	-	(2,144)
Other expenses	-	-	10,262	-	695
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	105	4,502	488	566	1,334
Funds available for distribution - normalized	\$260,560	\$281,006	\$284,910	\$298,339	\$311,125
Average common shares outstanding:					
Basic	289,606	296,256	311,117	327,492	336,754
Diluted	290,917	297,995	312,812	329,130	337,812
Net income attributable to common stockholders per share:					
Basic	\$0.17	\$0.24	\$0.44	\$0.58	\$0.57
Diluted	\$0.17	\$0.24	\$0.44	\$0.57	\$0.56
Funds available for distribution per share:					
Basic	\$0.90	\$0.84	\$0.88	\$0.75	\$0.91
Diluted	\$0.89	\$0.84	\$0.88	\$0.74	\$0.90
Funds available for distribution - normalized:					
Basic	\$0.90	\$0.95	\$0.92	\$0.91	\$0.92
Diluted	\$0.90	\$0.94	\$0.91	\$0.91	\$0.92
Funds Available for Distribution Payout Ratio:					
Dividends paid to common stockholders	\$0.795	\$0.795	\$0.795	\$0.795	\$0.825
Diluted funds available for distribution per share	\$0.89	\$0.84	\$0.88	\$0.74	\$0.90
FAD payout ratio	89%	95%	90%	107%	92%
Funds Available for Distribution Payout Ratio - Normalized					
Dividends paid to common stockholders	\$0.795	\$0.795	\$0.795	\$0.795	\$0.825
Diluted funds available for distribution per share - normalized	\$0.90	\$0.94	\$0.91	\$0.91	\$0.92
FAD payout ratio - normalized	88%	85%	87%	87%	90%

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

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

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)
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	249,607	464,318	606,544	799,422	1,029,052
Normalizing items:					
Non-recurring 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	-	-	-	-	19,688
Nonrecurring income tax benefits	-	-	-	-	(17,426)
Other expenses	-	-	-	-	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
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	\$1.96	\$2.67	\$2.70	\$2.89	\$3.36
Diluted	\$1.95	\$2.66	\$2.68	\$2.87	\$3.34
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	\$1.95	\$2.66	\$2.68	\$2.87	\$3.34
FAD payout ratio	141%	107%	110%	107%	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.

FAD OUTLOOK RECONCILIATIONS

(dollars per fully diluted share)

	Year Ended December 31, 2015		
	Low	Mid-point	High
Net income attributable to common stockholders	\$2.62	\$2.67	\$2.72
Losses/impairments (gains) on sale of properties, net ^(1,2)	(0.78)	(0.78)	(0.78)
Depreciation and amortization ⁽¹⁾	2.39	2.39	2.39
FAD-only adjustments ^(1,3)	(0.42)	(0.42)	(0.42)
Funds available for distribution	3.81	3.86	3.91
Normalizing items, net ⁽⁴⁾	0.02	0.02	0.02
Funds available for distribution - normalized	\$3.83	\$3.88	\$3.93

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

(2) Includes estimated gains on expected dispositions.

(3) Includes straight-line rent, above/below amortization, non-cash interest and cap-ex, tenant improvements and lease commissions.

(4) See Earnings Release dated May 8, 2015.

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. SS REVPOR is used to evaluate the REVPOR performance of our properties under a consistent population which eliminates changes in the composition of our portfolio.

We believe NOI, SSCNOI, REVPOR and SS 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, REVPOR and SS 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				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Revenues:					
Seniors housing triple-net					
Rental income	\$125,614	\$126,394	\$131,376	\$136,357	\$137,807
Interest income	3,815	4,091	4,333	6,263	8,059
Other income	102	306	96	52	694
Total revenues	129,531	130,791	135,805	142,672	146,560
Long-term/post-acute care					
Rental income	100,445	110,154	111,576	115,506	120,001
Interest income	3,525	3,508	2,924	2,616	6,639
Other income	35	13	878	1,466	3,118
Total revenues	104,005	113,675	115,378	119,588	129,758
Hospitals					
Rental income	10,853	10,497	6,410	2,788	5,203
Interest income	381	381	263	157	-
Other income	6	6	6	6	71
Total revenues	11,240	10,884	6,679	2,951	5,274
Seniors housing operating					
Resident fees and service	456,314	476,302	490,912	496,417	503,278
Interest income	-	11	1,054	1,054	1,031
Other income	51	1,260	319	1,532	1,014
Total revenues	456,365	477,573	492,285	499,003	505,323
Outpatient medical					
Rental income	97,809	98,869	102,477	108,984	112,648
Interest income	873	942	770	707	1,265
Other income	295	362	206	160	160
Total revenues	98,977	100,173	103,453	109,851	114,073
Life science					
Rental income	10,977	10,763	9,862	9,615	10,029
Non-segment/corporate					
Other income	15	76	106	479	22
Total					
Rental income	345,698	356,677	361,701	373,250	385,688
Resident fees and service	456,314	476,302	490,912	496,417	503,278
Interest income	8,594	8,933	9,344	10,797	16,994
Other income	504	2,023	1,611	3,695	5,079
Total revenues	811,110	843,935	863,568	884,159	911,039
Property operating expenses:					
Long-term/post-acute care ⁽¹⁾	151	120	3	-	-
Hospitals	91	327	38	-	-
Seniors housing operating	308,054	315,092	325,093	332,397	344,070
Outpatient medical	32,509	32,816	33,768	34,925	36,885
Life science	3,842	3,752	3,859	3,748	4,182
Total property operating expenses	344,647	352,107	362,761	371,070	385,137
Net operating income:					
Seniors housing triple-net	129,531	130,791	135,805	142,672	146,560
Long-term/post-acute care	103,854	113,555	115,375	119,588	129,758
Hospitals	11,149	10,557	6,641	2,951	5,274
Seniors housing operating	148,311	162,481	167,192	166,606	161,253
Outpatient medical	66,468	67,357	69,685	74,926	77,188
Life science	7,135	7,011	6,003	5,867	5,847
Non-segment/corporate	15	76	106	479	22
Net operating income⁽²⁾	\$466,463	\$491,828	\$500,807	\$513,089	\$525,902

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				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Net operating income ⁽¹⁾	\$466,463	\$491,828	\$500,807	\$513,089	\$525,902
Reconciling items:					
Interest expense ⁽²⁾	(120,956)	(121,099)	(118,435)	(120,707)	(121,080)
Depreciation and amortization	(233,318)	(214,449)	(200,970)	(195,393)	(188,829)
General & administrative expenses	(32,865)	(51,660)	(30,803)	(27,616)	(35,138)
Transaction costs	(952)	(7,040)	(13,554)	(47,991)	(48,554)
Gain (loss) on derivatives, net	-	(351)	(49)	1,895	58,427
Gain (loss) on extinguishment of debt, net	148	(531)	(2,692)	(6,484)	(15,401)
Other expenses	-	-	(10,262)	-	-
Income tax benefit (expense)	(2,260)	(1,569)	10,198	(5,101)	304
Non-operating expense from unconsolidated entities & noncontrolling interests	(11,060)	(20,354)	(11,073)	(16,057)	(20,834)
Gain (loss/impairment) on properties, net	-	13,079	29,604	110,839	54,625
Preferred dividends	(16,353)	(16,352)	(16,352)	(16,352)	(16,352)
Loss (income) attributable to noncontrolling interests	1,175	327	(164)	(1,486)	(2,271)
	<u>(416,441)</u>	<u>(419,999)</u>	<u>(364,552)</u>	<u>(324,453)</u>	<u>(335,103)</u>
Net income (loss) attributable to common stockholders	<u>\$50,022</u>	<u>\$71,829</u>	<u>\$136,255</u>	<u>\$188,636</u>	<u>\$190,799</u>

(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
Outpatient medical					
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
Outpatient medical	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
Outpatient medical	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	(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 ⁽²⁾	(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	<u>\$106,882</u>	<u>\$157,108</u>	<u>\$221,884</u>	<u>\$78,714</u>	<u>\$446,745</u>

(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				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Seniors housing triple-net					
NOI ⁽¹⁾	\$ 129,531	\$ 130,791	\$ 135,805	\$ 142,672	\$ 146,560
Non-cash NOI on same store properties	(1,895)	(1,932)	(2,621)	(2,268)	(2,937)
NOI attributable to non-same store properties	(15,288)	(16,034)	(19,636)	(25,720)	(27,470)
SSCNOI	112,348	112,825	113,548	114,684	116,153
Long-term/post-acute care					
NOI ⁽¹⁾	103,854	113,555	115,375	119,588	129,758
Non-cash NOI on same store properties	(7,239)	(13,548)	(13,892)	(14,105)	(15,461)
NOI attributable to non-same store properties	(11,002)	(12,128)	(13,527)	(17,353)	(26,038)
SSCNOI	85,613	87,879	87,956	88,130	88,259
Hospitals					
NOI ⁽¹⁾	11,149	10,557	6,641	2,951	5,274
NOI attributable to non-same store properties	(11,149)	(10,557)	(6,641)	(2,951)	(5,274)
SSCNOI	-	-	-	-	-
Seniors housing operating					
NOI ⁽¹⁾	148,311	162,481	167,192	166,606	161,253
Non-cash NOI on same store properties	263	264	247	246	245
NOI attributable to non-same store properties	(2,011)	(7,233)	(7,944)	(12,148)	(16,076)
NOI attributable to pre-HCN ownership ⁽²⁾	223	277	252	91	-
Normalizing adjustments ⁽³⁾	(4,854)	(4,962)	(4,382)	(2,624)	780
SSCNOI	141,932	150,827	155,365	152,171	146,202
Outpatient Medical					
NOI ⁽¹⁾	66,468	67,357	69,685	74,926	77,188
Non-cash NOI on same store properties	(2,150)	(2,102)	(1,642)	(1,444)	(1,256)
NOI attributable to non-same store properties	(1,493)	(1,980)	(4,798)	(9,640)	(11,339)
SSCNOI	62,825	63,275	63,245	63,842	64,593
Life Science					
NOI ⁽¹⁾	7,135	7,011	6,003	5,867	5,847
Non-cash NOI on same store properties	(7,135)	(7,011)	(6,003)	(5,867)	(5,847)
SSCNOI	-	-	-	-	-
Corporate					
NOI ⁽¹⁾	15	76	106	479	22
NOI attributable to non-same store properties	(15)	(76)	(106)	(479)	(22)
SSCNOI	-	-	-	-	-
Total					
NOI ⁽¹⁾	466,463	491,828	500,807	513,089	525,902
Non-cash NOI on same store properties	(18,156)	(24,329)	(23,911)	(23,438)	(25,256)
NOI attributable to non-same store properties	(40,958)	(48,008)	(52,652)	(68,291)	(86,219)
Same store cash NOI pre-HCN ownership	223	277	252	91	-
Normalizing Adjustments	(4,854)	(4,962)	(4,382)	(2,624)	780
SSCNOI	\$ 402,718	\$ 414,806	\$ 420,114	\$ 418,827	\$ 415,207

(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 prior to 3/31/2015 and 1.2506 thereafter, and adjustments to translate UK properties at a GBP/USD rate of 1.60 prior to 3/31/2015 and 1.5439 thereafter.

IN-PLACE NOI RECONCILIATION

(dollars in thousands at HCN pro rata ownership)

	Seniors Housing Triple- Net	Long-Term /Post- Acute Care	Hospital	Seniors Housing Operating	Outpatient Medical	Life Science	Corporate / Other	Total
Three months ended March 31, 2015:								
Revenues	\$ 146,560	\$ 129,758	\$ 5,274	\$ 505,323	\$ 114,073	\$ 10,029	\$ 22	\$ 911,039
Property operating expenses	-	-	-	344,070	36,885	4,182	-	385,137
Net operating income⁽¹⁾	\$ 146,560	\$ 129,758	\$ 5,274	\$ 161,253	\$ 77,188	\$ 5,847	\$ 22	\$ 525,902
Adjust:								
Interest income	(8,059)	(6,639)	-	(1,031)	(1,265)	-	-	(16,994)
Other income	(694)	(3,118)	(71)	(1,014)	(160)	-	(22)	(5,079)
Sold / held for sale	(36)	(3,772)	(2,790)	-	(20)	(5,731)	-	(12,349)
Non-cash NOI	(8,010)	(16,525)	(797)	(378)	(2,123)	(116)	-	(27,949)
Timing adjustments ⁽²⁾	3,261	258	3,828	8,954	327	-	-	16,628
In-Place NOI at HCN Ownership %	\$ 133,022	\$ 99,962	\$ 5,444	\$ 167,784	\$ 73,947	\$ -	\$ -	\$ 480,159
Annualized In-Place NOI at HCN Ownership %	\$ 532,088	\$ 399,848	\$ 21,776	\$ 671,136	\$ 295,788	\$ -	\$ -	\$ 1,920,636

(1) See pages 11 and 12.

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

SHO SSCNOI/UNIT RECONCILIATION

(dollars in thousands at pro rata ownership)

	US				
	2Q14	3Q14	4Q14	1Q15	TTM
Total HCN NOI ⁽¹⁾	\$ 491,828	\$ 500,807	\$ 513,089	\$ 525,902	\$ 2,031,626
Less non SHO NOI	(329,347)	(333,615)	(346,483)	(364,649)	(1,374,094)
Total SHO NOI	\$ 162,481	\$ 167,192	\$ 166,606	\$ 161,253	\$ 657,532
Adjustments ⁽²⁾	(57,075)	(59,756)	(61,881)	(59,735)	(238,447)
Total local SSCNOI	\$ 105,406	\$ 107,436	\$ 104,725	\$ 101,518	\$ 419,085
Average units in service	18,767	18,767	18,767	18,767	18,767
SSCNOI per unit in USD	\$ 5,617	\$ 5,725	\$ 5,580	\$ 5,409	\$ 22,331

	UK				
	2Q14	3Q14	4Q14	1Q15	TTM
Total SHO NOI	\$ 162,481	\$ 167,192	\$ 166,606	\$ 161,253	\$ 657,532
Adjustments ⁽²⁾	(139,422)	(142,751)	(141,980)	(138,938)	(563,091)
Total local SSCNOI	\$ 23,059	\$ 24,441	\$ 24,626	\$ 22,315	\$ 94,441
Average units in service	2,270	2,270	2,270	2,270	2,270
SSCNOI per unit in USD	\$ 10,158	\$ 10,767	\$ 10,848	\$ 9,830	\$ 41,604
SSCNOI per unit in GBP ⁽³⁾	£ 6,580	£ 6,974	£ 7,027	£ 6,367	£ 26,947

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

(2) Represents NOI not derived from local country properties or from non-SS properties, as well as non-cash NOI and normalizing adjustments for local country properties. See page 15 for descriptions of normalizing items.

(3) Translated at GBP/USD rate of 1.5439.

SENIORS HOUSING OPERATING REVPOR

(dollars in thousands, except REVPOR)

	<u>US</u>	<u>UK</u>
Consolidated revenues	\$494,560	\$494,560
Unconsolidated revenues attributable to HCN ⁽¹⁾	39,324	39,324
Less revenues attributable to noncontrolling interests ⁽²⁾	<u>(28,561)</u>	<u>(28,561)</u>
Total revenues at HCN pro rata ownership	505,323	505,323
Less revenues not included in REVPOR calculation	(1,981)	(1,981)
Adjustment for standardized GBP/USD rate ⁽³⁾	-	1,399
Less revenues not derived in country	<u>(132,627)</u>	<u>(431,756)</u>
Total local revenues	370,715	72,985
Average occupied units/month	<u>18,729</u>	<u>2,673</u>
REVPOR/month in USD	<u>\$6,690</u>	<u>\$9,228</u>
REVPOR/month in GBP ⁽³⁾		<u>£5,977</u>

(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.

(3) Translated at GBP/USD rate of 1.5439.

SS REVPOR GROWTH RECONCILIATION

(dollars in thousands, except REVPOR)

	2Q13	2Q14	3Q13	3Q14	4Q13	4Q14	1Q14	1Q15	Avg.
US REVPOR:									
Consolidated SHO revenues ⁽¹⁾	\$ 370,995	\$ 468,914	\$ 466,296	\$ 483,791	\$ 452,030	\$ 488,546	\$ 456,319	\$ 494,561	
Pro rata adjustments ⁽²⁾	26,275	8,659	(8,598)	8,494	(3,517)	10,457	46	10,762	
SHO pro rata revenues ⁽³⁾	\$ 397,270	\$ 477,573	\$ 457,698	\$ 492,285	\$ 448,513	\$ 499,003	\$ 456,365	\$ 505,323	
Adjustments ⁽⁴⁾	1,326	(61,200)	(19,998)	(25,696)	(218)	(26,686)	(16,477)	(48,686)	
SHO SS revenues ⁽⁵⁾	398,596	416,373	437,700	466,589	448,295	472,317	439,888	456,637	
Less non-US SS revenues ⁽⁶⁾	(86,772)	(93,311)	(128,560)	(137,533)	(131,937)	(139,190)	(116,953)	(119,567)	
US SHO revenues ⁽⁷⁾	\$ 311,824	\$ 323,062	\$ 309,140	\$ 329,056	\$ 316,358	\$ 333,127	\$ 322,935	\$ 337,070	
Avg. occupied units/month ⁽⁸⁾	16,182	16,494	16,395	16,665	16,563	16,820	16,732	16,857	
US SHO SS REVPOR ⁽⁹⁾	\$ 6,441	\$ 6,547	\$ 6,234	\$ 6,528	\$ 6,315	\$ 6,548	\$ 6,523	\$ 6,758	
US SS REVPOR growth		1.6%		4.7%		3.7%		3.6%	3.4%
UK REVPOR:									
SHO SS revenues ⁽⁵⁾	\$ 398,596	\$ 416,373	\$ 437,700	\$ 466,589	\$ 448,295	\$ 472,317	\$ 439,888	\$ 456,637	
Less non-UK SS revenues ⁽⁶⁾	(341,748)	(353,920)	(379,291)	(402,506)	(387,799)	(408,059)	(380,655)	(396,693)	
UK SHO revenues ⁽⁷⁾	\$ 56,848	\$ 62,453	\$ 58,409	\$ 64,083	\$ 60,496	\$ 64,258	\$ 59,233	\$ 59,944	
Avg. occupied units/month ⁽⁸⁾	1,924	2,026	1,949	2,034	1,980	2,042	2,024	2,002	
UK SHO SS REVPOR ⁽⁹⁾	\$ 9,878	\$ 10,302	\$ 9,908	\$ 10,414	\$ 10,103	\$ 10,406	\$ 9,891	\$ 10,119	
UK SS REVPOR growth		4.3%		5.1%		3.0%		2.3%	3.7%

(1) Represents total consolidated revenues/NOI per U.S. GAAP which agree to or are derived from the relevant 10Q/K.

(2) Represents amounts attributable to joint venture partners, both majority and minority.

(3) Represents total SHO revenues/NOI at HCN pro rata ownership.

(4) Represents revenues/NOI not derived from local country properties or from non-SS properties, as well as non-cash NOI and normalizing adjustments for local country properties. See page 15 for descriptions of normalizing items.

(5) Represents SS SHO revenues/CNOI at HCN pro rata ownership.

(6) Represents pro rata SS revenues/CNOI derived outside the referenced country.

(7) Represents pro rata SS revenues/CNOI derived solely from referenced country.

(8) Represents average occupied units for SS properties related solely to referenced country on a pro rata basis.

(9) Represents pro rata SS average revenues generated per occupied room per month related solely to the referenced country.

SSCNOI GROWTH RECONCILIATION

(dollars in thousands)

	2Q13	2Q14	3Q13	3Q14	4Q13	4Q14	1Q14	1Q15	Avg.
US SSCNOI Growth:									
Consolidated NOI ⁽¹⁾	\$ 400,575	\$ 482,692	\$ 441,790	\$ 492,366	\$ 454,529	\$ 504,753	\$ 460,376	\$ 517,716	
Pro rata adjustments ⁽²⁾	17,125	9,136	7,240	8,441	6,521	8,357	6,087	8,186	
Total pro rata NOI ⁽³⁾	\$ 417,700	\$ 491,828	\$ 449,030	\$ 500,807	\$ 461,050	\$ 513,110	\$ 466,463	\$ 525,902	
Non SHO NOI ⁽⁴⁾	(287,989)	(329,347)	(296,297)	(333,615)	(314,351)	(346,504)	(318,152)	(364,649)	
SHO pro rata NOI ⁽⁵⁾	\$ 129,711	\$ 162,481	\$ 152,733	\$ 167,192	\$ 146,699	\$ 166,606	\$ 148,311	\$ 161,253	
Adjustments ⁽⁶⁾	(1,301)	(24,120)	(3,784)	(6,942)	1,950	(9,460)	(6,379)	(15,051)	
SHO pro rata SSCNOI ⁽⁷⁾	\$ 128,410	\$ 138,361	\$ 148,949	\$ 160,250	\$ 148,649	\$ 157,146	\$ 141,932	\$ 146,202	
Less non-US SSCNOI ⁽⁸⁾	(31,375)	(34,370)	(50,798)	(54,410)	(49,283)	(53,777)	(45,398)	(44,684)	
US SHO SSCNOI ⁽⁹⁾	\$ 97,035	\$ 103,991	\$ 98,151	\$ 105,840	\$ 99,366	\$ 103,369	\$ 96,534	\$ 101,518	
US SHO SSCNOI growth		7.2%		7.8%		4.0%		5.2%	6.0%
UK SSCNOI Growth:									
SHO pro rata SSCNOI ⁽⁷⁾	\$ 128,410	\$ 138,361	\$ 148,949	\$ 160,250	\$ 148,649	\$ 157,146	\$ 141,932	\$ 146,202	
Less non-UK SSCNOI ⁽⁸⁾	(107,319)	(114,464)	(126,181)	(134,922)	(126,280)	(131,626)	(118,761)	(123,887)	
UK SHO SSCNOI ⁽⁹⁾	\$ 21,091	\$ 23,897	\$ 22,768	\$ 25,328	\$ 22,369	\$ 25,520	\$ 23,171	\$ 22,315	
UK SHO SSCNOI growth		13.3%		11.2%		14.1%		-3.7%	8.7%

Notes:

(1) Represents total consolidated revenues/NOI per U.S. GAAP which agree to or are derived from the relevant 10Q/K.

(2) Represents amounts attributable to joint venture partners, both majority and minority.

(3) Represents total NOI at HCN pro rata ownership.

(4) Represents NOI attributable to NNN and OM at HCN pro rata ownership.

(5) Represents total SHO revenues/NOI at HCN pro rata ownership.

(6) Represents revenues/NOI not derived from local country properties or from non-SS properties, as well as non-cash NOI and normalizing adjustments for local country properties. See page 15 for descriptions of normalizing items.

(7) Represents SS SHO revenues/CNOI at HCN pro rata ownership.

(8) Represents pro rata SS revenues/CNOI derived outside the referenced country.

(9) Represents pro rata SS revenues/CNOI derived solely from referenced country.

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 unsecured credit facility and senior unsecured notes 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				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Adjusted EBITDA:					
Net income	\$65,200	\$87,854	\$152,771	\$206,474	\$209,422
Interest expense ⁽¹⁾	120,956	121,099	118,435	120,707	121,080
Income tax expense (benefit)	2,260	1,569	(10,198)	5,101	(304)
Depreciation and amortization	233,318	214,449	200,970	195,393	188,829
Stock-based compensation	7,667	14,170	4,271	5,967	9,054
Loss (gain) on extinguishment of debt, net	(148)	531	2,692	6,484	15,401
EBITDA	\$429,253	\$439,672	\$468,941	\$540,126	\$543,482
Transaction costs ⁽²⁾	952	7,040	13,554	47,991	48,554
Losses/impairments (gains) on properties, net	-	(13,079)	(29,604)	(110,839)	(54,625)
Loss / (gain) on derivatives, net ⁽²⁾	-	351	49	(1,895)	(58,427)
CEO transition costs ⁽²⁾	-	10,465	-	-	-
Additional other income ⁽²⁾	-	-	-	-	(2,144)
Other expenses ⁽²⁾	-	-	10,262	-	-
Timing adjustments ⁽³⁾	4,842	3,630	(442)	(4,515)	9,981
Total adjustments	5,794	8,407	(6,181)	(69,258)	(56,661)
Adjusted EBITDA	\$435,047	\$448,079	\$462,760	\$470,868	\$486,821
Interest Coverage Ratio:					
Interest expense ⁽¹⁾	\$120,956	\$121,099	\$118,435	\$120,707	\$121,080
Non-cash interest expense	(330)	(1,649)	(547)	100	(119)
Capitalized interest	1,605	1,700	1,779	2,066	2,387
Total interest	122,231	121,150	119,667	122,873	123,348
EBITDA	\$429,253	\$439,672	\$468,941	\$540,126	\$543,482
Interest coverage ratio	3.51x	3.63x	3.92x	4.40x	4.41x
Adjusted EBITDA	\$435,047	\$448,079	\$462,760	\$470,868	\$486,821
Adjusted interest coverage ratio	3.56x	3.70x	3.87x	3.83x	3.95x
Fixed Charge Coverage Ratio:					
Total interest ⁽¹⁾	\$122,231	\$121,150	\$119,667	\$122,873	\$123,348
Secured debt principal amortization	15,455	15,803	14,549	16,473	15,630
Preferred dividends	16,353	16,352	16,352	16,352	16,352
Total fixed charges	154,039	153,305	150,568	155,698	155,330
EBITDA	\$429,253	\$439,672	\$468,941	\$540,126	\$543,482
Fixed charge coverage ratio	2.79x	2.87x	3.11x	3.47x	3.50x
Adjusted EBITDA	\$435,047	\$448,079	\$462,760	\$470,868	\$486,821
Adjusted fixed charge coverage ratio	2.82x	2.92x	3.07x	3.02x	3.13x
Net Debt to Adjusted EBITDA Ratio:					
Total debt	\$10,941,475	\$10,345,196	\$10,282,842	\$10,828,013	\$11,014,789
Less: cash and cash equivalents ⁽⁴⁾	(185,928)	(207,354)	(1,047,010)	(473,726)	(221,766)
Net debt	10,755,547	10,137,842	9,235,832	10,354,287	10,793,023
EBITDA Annualized	\$1,717,012	\$1,758,688	\$1,875,764	\$2,160,504	\$2,173,928
Net debt to EBITDA ratio	6.26x	5.76x	4.92x	4.79x	4.96x
Adjusted EBITDA Annualized	\$1,740,188	\$1,792,316	\$1,851,040	\$1,883,472	\$1,947,284
Net debt to adjusted EBITDA ratio	6.18x	5.66x	4.99x	5.50x	5.54x

(1) Interest expense includes properties sold or classified as held for sale.

(2) Normalizing items include adjustments for certain non-recurring or infrequent income/expenses that are described in our earnings press release for the relevant period ends.

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

(4) 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 ⁽²⁾	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 ⁽²⁾	-	-	(1,825)	4,470	(1,495)
CEO transition costs ⁽²⁾	-	-	-	-	10,465
Other expenses ⁽²⁾	-	-	-	-	10,262
Timing adjustments ⁽³⁾	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 ⁽⁴⁾	(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) Normalizing items include adjustments for certain non-recurring or infrequent income/expenses that are described in our earnings press releases for the relevant period ends.

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

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

ADJUSTED EBITDA TRAILING TWELVE MONTHS RECONCILIATIONS

(dollars in thousands)

	Twelve Months Ended				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Adjusted EBITDA:					
Net income	\$131,682	\$212,355	\$331,522	\$512,300	\$656,521
Interest expense ⁽¹⁾	472,827	483,082	484,975	481,197	481,321
Income tax expense (benefit)	6,987	7,341	(5,934)	(1,267)	(3,832)
Depreciation and amortization ⁽¹⁾	920,156	934,128	892,117	844,130	799,641
Stock-based compensation	17,336	29,320	29,635	32,075	33,462
Provision for loan losses	2,110	2,110	2,110	-	-
Loss (gain) on extinguishment of debt, net	(749)	(218)	6,542	9,558	25,108
EBITDA	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993	\$1,992,221
Transaction costs	68,372	47,276	37,239	69,538	117,140
Losses/impairments (gains) on properties, net	33,354	(9,722)	(34,619)	(153,522)	(208,147)
Loss / (gain) on derivatives, net	2,162	5,229	406	(1,495)	(59,922)
CEO transition costs ⁽²⁾	-	10,465	10,465	10,465	10,465
Other expenses ⁽³⁾	-	-	10,262	10,262	10,262
Additional other income ⁽⁴⁾	-	-	-	-	(2,144)
Timing adjustments ⁽⁵⁾	22,304	(3,151)	(14,171)	3,515	15,301
Total adjustments	126,192	50,097	9,582	(61,237)	(117,045)
Adjusted EBITDA	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756	\$1,875,176
Interest Coverage Ratio:					
Interest expense ⁽¹⁾	\$472,827	\$483,082	\$484,975	\$481,197	\$481,321
Non-cash interest expense	(880)	(1,292)	(2,790)	(2,427)	(2,215)
Capitalized interest	6,700	7,014	7,087	7,150	7,931
Total interest	478,647	488,804	489,272	485,920	487,037
EBITDA	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993	\$1,992,221
Interest coverage ratio	3.24x	3.41x	3.56x	3.86x	4.09x
Adjusted EBITDA	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756	\$1,875,176
Adjusted interest coverage ratio	3.50x	3.52x	3.58x	3.74x	3.85x
Fixed Charge Coverage Ratio:					
Total interest ⁽¹⁾	\$478,647	\$488,804	\$489,272	\$485,920	\$487,037
Secured debt principal amortization	60,341	62,827	62,119	62,280	62,455
Preferred dividends	66,088	65,838	65,588	65,408	65,408
Total fixed charges	605,076	617,469	616,979	613,608	614,900
EBITDA	\$1,550,349	\$1,668,118	\$1,740,967	\$1,877,993	\$1,992,221
Fixed charge coverage ratio	2.56x	2.70x	2.82x	3.06x	3.24x
Adjusted EBITDA	\$1,676,541	\$1,718,215	\$1,750,549	\$1,816,756	\$1,875,176
Adjusted fixed charge coverage ratio	2.77x	2.78x	2.84x	2.96x	3.05x

(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) Early termination fee on loan payoff.

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