



# welltower

## NON-GAAP FINANCIAL MEASURES

QUARTER ENDED JUNE 30, 2016

Welltower 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 Net Operating Income (NOI), In-Place NOI (IPNOI), Same Store NOI (SSNOI), Revenues per Occupied Room (REVPOR), Same Store REVPOR (SS REVPOR), Normalized Funds From Operations (FFO), Normalized Funds Available for Distribution (FAD), Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) and Adjusted EBITDA (A-EBITDA) 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.

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 and amortization. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts (NAREIT) created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO, as defined by NAREIT, means net income attributable to common stockholders, computed in accordance with U.S. GAAP, excluding gains (or losses) from sales of real estate and 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 as detailed in the reconciliations.

FAD represents FFO excluding net straight-line rental adjustments, amortization related to above/below market leases and 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 items detailed in the reconciliations.

Normalizing items include adjustments for certain non-recurring or infrequent revenues/expenses that are described in our earnings press releases 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				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
<b>Funds From Operations:</b>					
Net income (loss) attributable to common stockholders	\$312,573	\$182,043	\$132,931	\$148,969	\$195,474
Depreciation and amortization	208,802	205,799	222,809	228,696	226,569
Losses/impairments (gains) on properties, net	(190,111)	(2,046)	(31,385)	14,314	(1,530)
Noncontrolling interests <sup>(1)</sup>	(10,467)	(11,647)	(9,908)	(17,319)	(20,616)
Unconsolidated entities <sup>(2)</sup>	19,791	18,146	18,062	16,604	17,077
Funds from operations - NAREIT	340,588	392,295	332,509	391,264	416,974
Normalizing items:					
Transaction costs	12,491	9,333	40,547	8,208	5,157
Loss (gain) on extinguishment of debt, net	18,887	584	(195)	(24)	33
Other expenses	10,583	-	35,648	-	3,161
Additional other income	-	-	(3,669)	-	(11,811)
Nonrecurring income tax benefits	-	(5,430)	-	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	1,151	(312)	(2,485)	1,518	921
Funds from operations - normalized	\$383,700	\$396,470	\$402,355	\$400,966	\$414,435
Average common shares outstanding:					
Basic	350,399	351,765	353,604	355,076	356,646
Diluted	351,366	353,107	354,972	356,051	358,891
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.89	\$0.52	\$0.38	\$0.42	\$0.55
Diluted	\$0.89	\$0.52	\$0.37	\$0.42	\$0.54
Funds from operations - NAREIT per share:					
Basic	\$0.97	\$1.12	\$0.94	\$1.10	\$1.17
Diluted	\$0.97	\$1.11	\$0.94	\$1.10	\$1.16
Funds from operations - normalized per share:					
Basic	\$1.10	\$1.13	\$1.14	\$1.13	\$1.16
Diluted	\$1.09	\$1.12	\$1.13	\$1.13	\$1.15
<b>Funds From Operations - NAREIT Payout Ratio:</b>					
Dividends per common share	\$0.825	\$0.825	\$0.825	\$0.86	\$0.86
Diluted funds from operations - NAREIT per share	\$0.97	\$1.11	\$0.94	\$1.10	\$1.16
FFO - NAREIT payout ratio	85%	74%	88%	78%	74%
<b>Funds From Operations - Normalized Payout Ratio:</b>					
Dividends per common share	\$0.825	\$0.825	\$0.825	\$0.86	\$0.86
Diluted funds from operations - normalized per share	\$1.09	\$1.12	\$1.13	\$1.13	\$1.15
FFO - normalized payout ratio	76%	74%	73%	76%	75%

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

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

# FFO YEAR-TO-DATE RECONCILIATIONS

(in thousands, except per share information)

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>Funds From Operations:</b>		
Net income (loss) attributable to common stockholders	\$503,373	\$344,444
Depreciation and amortization	397,631	455,265
Losses/impairments (gains) on properties, net	(244,736)	12,784
Noncontrolling interests <sup>(1)</sup>	(17,716)	(37,934)
Unconsolidated entities <sup>(2)</sup>	46,287	33,682
Funds from operations - NAREIT	684,839	808,241
Normalizing items:		
Transaction costs	61,045	13,365
Loss (gain) on derivatives, net	(58,427)	-
Loss (gain) on extinguishment of debt, net	34,288	9
Other expenses	11,278	3,161
Additional other income	(2,144)	(11,811)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	2,485	2,439
Funds from operations - normalized	<u>\$733,364</u>	<u>\$815,404</u>
Average common shares outstanding:		
Basic	343,624	355,879
Diluted	344,623	357,489
Net income (loss) attributable to common stockholders per share:		
Basic	\$1.46	\$0.97
Diluted	\$1.46	\$0.96
Funds from operations - NAREIT per share:		
Basic	\$1.99	\$2.27
Diluted	\$1.99	\$2.26
Funds from operations - normalized per share:		
Basic	\$2.13	\$2.29
Diluted	\$2.13	\$2.28
<b>Funds From Operations - NAREIT Payout Ratio:</b>		
Dividends per common share	\$1.65	\$1.72
Diluted funds from operations - NAREIT per share	\$1.99	\$2.26
FFO - NAREIT payout ratio	<u>83%</u>	<u>76%</u>
<b>Funds From Operations - Normalized Payout Ratio:</b>		
Dividends per common share	\$1.65	\$1.72
Diluted funds from operations - normalized per share	\$2.13	\$2.28
FFO - normalized payout ratio	<u>77%</u>	<u>75%</u>

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

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

# FFO ANNUAL RECONCILIATIONS

(in thousands, except per share information)

	Year Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
<b>Funds From Operations</b>					
Net income (loss) attributable to common stockholders	\$157,108	\$221,884	\$78,714	\$446,745	\$818,344
Depreciation and amortization <sup>(1)</sup>	423,605	533,585	873,960	844,130	826,240
Losses/impairments (gains) on properties, net	(48,966)	(71,262)	(49,138)	(153,522)	(278,167)
Noncontrolling interests <sup>(2)</sup>	(18,557)	(21,058)	(36,304)	(37,852)	(39,271)
Unconsolidated entities <sup>(3)</sup>	11,712	34,408	57,652	74,580	82,494
Funds from operations - NAREIT	524,902	697,557	924,884	1,174,081	1,409,640
Normalizing items:					
Non-recurring G&A expenses	-	4,316	-	-	-
Transaction costs	70,224	61,609	133,401	69,538	110,926
Loss (gain) on derivatives, net	-	(1,825)	4,470	(1,495)	(58,427)
Preferred stock redemption charge	-	6,242	-	-	-
Loss (gain) on extinguishment of debt, net	(979)	(775)	(909)	9,558	34,677
Provision for loan losses	2,010	27,008	2,110	-	-
CEO transition costs	-	-	-	19,688	-
Nonrecurring income tax benefits	-	-	-	(17,426)	(5,430)
Other expenses	-	-	-	10,262	46,926
Held for sale hospital operating expenses	1,653	215	-	-	-
Additional other income	(3,774)	-	-	-	(5,813)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	-	(1,985)	5,661	(312)
Funds from operations - normalized	\$594,036	\$794,347	\$1,061,971	\$1,269,867	\$1,532,187
Average common shares outstanding:					
Basic	173,741	224,343	276,929	306,272	348,240
Diluted	174,401	225,953	278,761	307,747	349,424
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.90	\$0.99	\$0.28	\$1.46	\$2.35
Diluted	\$0.90	\$0.98	\$0.28	\$1.45	\$2.34
Funds from operations - NAREIT per share:					
Basic	\$3.02	\$3.11	\$3.34	\$3.83	\$4.05
Diluted	\$3.01	\$3.09	\$3.32	\$3.82	\$4.03
Funds from operations - normalized per share:					
Basic	\$3.42	\$3.54	\$3.83	\$4.15	\$4.40
Diluted	\$3.41	\$3.52	\$3.81	\$4.13	\$4.38
<b>Funds From Operations - NAREIT Payout Ratio:</b>					
Dividends per common share	\$2.835	\$2.96	\$3.06	\$3.18	\$3.30
Diluted funds from operations - NAREIT per share	\$3.01	\$3.09	\$3.32	\$3.82	\$4.03
FFO - NAREIT payout ratio	94%	96%	92%	83%	82%
<b>Funds From Operations - Normalized Payout Ratio:</b>					
Dividends per common share	\$2.835	\$2.960	\$3.06	\$3.18	\$3.30
Diluted funds from operations - normalized per share	\$3.41	\$3.52	\$3.81	\$4.13	\$4.38
FFO - normalized payout ratio	83%	84%	80%	77%	75%

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

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

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

# FFO TRAILING TWELVE MONTH (TTM)



(in thousands, except per share information)

	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
<b>Funds From Operations:</b>																						
Net income attributable to common stockholders	\$23,372	\$69,847	\$36,607	\$27,282	\$39,307	\$54,735	\$37,269	\$90,576	\$55,058	\$(8,508)	\$20,691	\$11,473	\$50,022	\$71,829	\$136,255	\$188,636	\$190,799	\$312,573	\$182,043	\$132,931	\$148,969	\$195,474
Depreciation and amortization	74,768	111,053	115,640	122,144	127,422	132,963	132,858	140,342	187,122	200,477	242,981	243,380	233,318	214,449	200,970	195,393	188,829	208,802	205,799	222,809	228,696	226,569
Losses/impairments (gains) on properties, net	(25,954)	(30,224)	(185)	7,398	(769)	(32,450)	(5,875)	(32,167)	(82,492)	29,997	(4,707)	8,064	-	(13,079)	(29,604)	(110,839)	(54,625)	(190,111)	(2,046)	(31,385)	14,314	(1,530)
Noncontrolling interests <sup>(1)</sup>	(4,160)	(4,487)	(4,706)	(5,318)	(4,990)	(5,190)	(5,440)	(5,439)	(5,793)	(7,821)	(12,328)	(10,362)	(10,520)	(9,741)	(9,359)	(8,234)	(7,249)	(10,467)	(11,647)	(9,908)	(17,319)	(20,616)
Unconsolidated entities <sup>(2)</sup>	3,027	3,364	3,020	2,892	2,887	7,873	11,913	11,735	16,983	16,521	11,626	12,522	15,983	20,787	18,250	19,560	26,496	19,791	18,146	18,062	16,604	17,077
<b>Funds from operations - NAREIT</b>	<b>71,053</b>	<b>149,553</b>	<b>150,376</b>	<b>154,398</b>	<b>163,857</b>	<b>157,931</b>	<b>170,725</b>	<b>205,047</b>	<b>170,878</b>	<b>230,666</b>	<b>258,263</b>	<b>265,077</b>	<b>288,803</b>	<b>284,245</b>	<b>316,512</b>	<b>284,516</b>	<b>344,250</b>	<b>340,588</b>	<b>392,295</b>	<b>332,509</b>	<b>391,264</b>	<b>416,974</b>
<b>Normalizing items:<sup>(3)</sup></b>																						
Transaction costs	36,065	13,738	6,739	13,682	5,579	28,691	8,264	19,074	65,980	28,136	23,591	15,693	952	7,040	13,554	47,991	48,554	12,491	9,333	40,547	8,208	5,157
Loss (gain) on derivatives, net	-	-	-	-	555	(2,676)	409	(113)	2,309	(2,716)	4,872	6	-	351	49	(1,895)	(58,427)	-	-	-	-	-
Loss (gain) on extinguishment of debt, net	-	-	-	(979)	-	576	215	(1,566)	(308)	-	(4,068)	3,467	(148)	531	2,692	6,484	15,401	18,887	584	(195)	(24)	33
Provision for loan losses	248	168	132	1,463	-	-	27,008	-	-	-	-	2,110	-	-	-	-	-	-	-	-	-	-
Special stock compensation grants/payments	-	-	-	-	4,316	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CEO transition costs	-	-	-	-	-	-	-	-	-	-	-	-	-	19,688	-	-	-	-	-	-	-	-
Other expenses	829	264	212	348	215	-	-	-	-	-	-	-	-	-	10,262	-	695	10,583	-	35,648	-	3,161
Additional other income	-	(3,774)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,144)	-	(3,669)	-	(11,811)	-
Nonrecurring income tax benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,426)	-	-	-	(5,430)	-	-	-
Preferred stock redemption charge	-	-	-	-	-	6,242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Normalizing items attributable to noncontrolling interests and unconsolidated entities, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(1,847)</b>	<b>(127)</b>	<b>105</b>	<b>4,502</b>	<b>488</b>	<b>566</b>	<b>1,334</b>	<b>1,151</b>	<b>(312)</b>	<b>(2,485)</b>	<b>1,518</b>	<b>921</b>
<b>Funds from operations - normalized</b>	<b>\$108,195</b>	<b>\$159,949</b>	<b>\$157,459</b>	<b>\$168,912</b>	<b>\$174,522</b>	<b>\$190,764</b>	<b>\$206,621</b>	<b>\$222,442</b>	<b>\$238,859</b>	<b>\$256,075</b>	<b>\$280,811</b>	<b>\$286,226</b>	<b>\$289,712</b>	<b>\$316,357</b>	<b>\$326,131</b>	<b>\$337,662</b>	<b>\$349,663</b>	<b>\$383,700</b>	<b>\$396,470</b>	<b>\$402,355</b>	<b>\$400,966</b>	<b>\$414,435</b>
<b>Average common shares outstanding:</b>																						
Basic	154,945	176,445	177,272	185,913	199,661	213,498	224,391	259,290	260,036	273,091	286,020	288,133	289,606	296,256	311,117	327,492	336,754	350,399	351,765	353,604	355,076	356,646
Diluted	155,485	177,487	177,849	186,529	201,658	215,138	226,258	261,210	262,525	276,481	288,029	289,677	290,917	297,995	312,812	329,130	337,812	351,366	353,107	354,972	356,051	358,891
<b>Net income attributable to common stockholders per share:</b>																						
Basic	\$0.15	\$0.40	\$0.21	\$0.15	\$0.20	\$0.26	\$0.17	\$0.35	\$0.21	\$(0.03)	\$0.07	\$0.04	\$0.17	\$0.24	\$0.44	\$0.58	\$0.57	\$0.89	\$0.52	\$0.38	\$0.42	\$0.55
Diluted	\$0.15	\$0.39	\$0.21	\$0.15	\$0.19	\$0.25	\$0.16	\$0.35	\$0.21	\$(0.03)	\$0.07	\$0.04	\$0.17	\$0.24	\$0.44	\$0.57	\$0.56	\$0.89	\$0.52	\$0.37	\$0.42	\$0.54
<b>Funds from operations - NAREIT per share:</b>																						
Basic	\$0.46	\$0.85	\$0.85	\$0.83	\$0.82	\$0.74	\$0.76	\$0.79	\$0.66	\$0.84	\$0.90	\$0.92	\$1.00	\$0.96	\$1.02	\$0.87	\$1.02	\$0.97	\$1.12	\$0.94	\$1.10	\$1.17
Diluted	\$0.46	\$0.84	\$0.85	\$0.83	\$0.81	\$0.73	\$0.75	\$0.78	\$0.65	\$0.83	\$0.90	\$0.92	\$0.99	\$0.95	\$1.01	\$0.86	\$1.02	\$0.97	\$1.11	\$0.94	\$1.10	\$1.16
<b>Funds from operations normalized per share:</b>																						
Basic	\$0.70	\$0.91	\$0.89	\$0.91	\$0.87	\$0.89	\$0.92	\$0.86	\$0.92	\$0.94	\$0.98	\$0.99	\$1.00	\$1.07	\$1.05	\$1.03	\$1.04	\$1.10	\$1.13	\$1.14	\$1.13	\$1.16
Diluted	\$0.70	\$0.90	\$0.89	\$0.91	\$0.87	\$0.89	\$0.91	\$0.85	\$0.91	\$0.93	\$0.97	\$0.99	\$1.00	\$1.06	\$1.04	\$1.03	\$1.04	\$1.09	\$1.12	\$1.13	\$1.13	\$1.15
<b>Rolling four quarter total of normalized FFO per diluted share</b>																						
				\$3.40	\$3.57	\$3.56	\$3.58	\$3.52	\$3.56	\$3.60	\$3.66	\$3.80	\$3.89	\$4.02	\$4.09	\$4.13	\$4.17	\$4.20	\$4.28	\$4.38	\$4.47	\$4.53

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

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

(3) Normalizing items include adjustments for certain non-recurring or infrequent income/expenses that are described in Welltower's earnings press releases for the relevant period ends.

(dollars per fully diluted share)

	<b>Year Ended December 31, 2016</b>		
	<b>Low</b>	<b>Mid-point</b>	<b>High</b>
Net income attributable to common stockholders	\$2.74	\$2.79	\$2.84
Losses/impairments (gains) on sale of properties, net <sup>(1,2)</sup>	(0.68)	(0.68)	(0.68)
Depreciation and amortization <sup>(1)</sup>	2.42	2.42	2.42
Funds from operations - NAREIT	4.48	4.53	4.58
Normalizing items, net <sup>(3)</sup>	0.02	0.02	0.02
Funds from operations - normalized	<u>\$4.50</u>	<u>\$4.55</u>	<u>\$4.60</u>

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

(2) Includes estimated gains on expected dispositions.

(3) See press release dated August 2, 2016.



# FAD QUARTERLY RECONCILIATIONS

(in thousands, except per share information)

	Three Months Ended				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
<b>Funds Available for Distribution:</b>					
Net income (loss) attributable to common stockholders	\$312,573	\$182,043	\$132,931	\$148,969	\$195,474
Depreciation and amortization	208,802	205,799	222,809	228,696	226,569
Losses/impairments (gains) on properties, net	(190,111)	(2,046)	(31,385)	14,314	(1,530)
Noncontrolling interests <sup>(1)</sup>	(9,447)	(11,515)	(8,974)	(15,551)	(18,639)
Unconsolidated entities <sup>(2)</sup>	16,908	16,769	14,823	16,232	15,740
Gross straight-line rental income	(31,190)	(32,164)	(31,002)	(30,247)	(27,537)
Amortization related to above (below) market leases, net	757	1,992	1,155	230	101
Non-cash interest expense	(4,202)	3,791	2,878	(599)	1,519
Cap ex, tenant improvements, lease commissions	(15,114)	(18,865)	(19,993)	(12,265)	(16,089)
Funds available for distribution	288,976	345,804	283,242	349,779	375,608
Normalizing items:					
Transaction costs	12,491	9,333	40,547	8,208	5,157
Loss (gain) on extinguishment of debt, net	18,887	584	(195)	(24)	33
Nonrecurring income tax benefits	-	(5,430)	-	-	-
Other expenses	10,583	-	35,648	-	3,161
Additional other income	-	-	(3,669)	-	(11,811)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	1,151	(312)	(2,485)	1,518	921
Funds available for distribution - normalized	\$332,088	\$349,979	\$353,088	\$359,481	\$373,069
Average common shares outstanding:					
Basic	350,399	351,765	353,604	355,076	356,646
Diluted	351,366	353,107	354,972	356,051	358,891
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.89	\$0.52	\$0.38	\$0.42	\$0.55
Diluted	\$0.89	\$0.52	\$0.37	\$0.42	\$0.54
Funds available for distribution per share:					
Basic	\$0.82	\$0.98	\$0.80	\$0.99	\$1.05
Diluted	\$0.82	\$0.98	\$0.80	\$0.98	\$1.05
Funds available for distribution - normalized per share:					
Basic	\$0.95	\$0.99	\$1.00	\$1.01	\$1.05
Diluted	\$0.95	\$0.99	\$0.99	\$1.01	\$1.04
<b>Funds Available for Distribution Payout Ratio:</b>					
Dividends per common share	\$0.825	\$0.825	\$0.825	\$0.86	\$0.86
Diluted funds available for distribution per share	\$0.82	\$0.98	\$0.80	\$0.98	\$1.05
FAD payout ratio	101%	84%	103%	88%	82%
<b>Funds Available for Distribution - Normalized Payout Ratio:</b>					
Dividends per common share	\$0.825	\$0.825	\$0.825	\$0.86	\$0.86
Diluted funds available for distribution - normalized per share	\$0.95	\$0.99	\$0.99	\$1.01	\$1.04
FAD - normalized payout ratio	87%	83%	83%	85%	83%

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

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

# FAD YEAR-TO-DATE RECONCILIATIONS

(in thousands, except per share information)

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>Funds Available for Distribution:</b>		
Net income (loss) attributable to common stockholders	\$503,373	\$344,444
Depreciation and amortization	397,631	455,265
Losses/impairments (gains) on properties, net	(244,736)	12,784
Noncontrolling interests <sup>(1)</sup>	(15,786)	(34,190)
Unconsolidated entities <sup>(2)</sup>	42,744	31,972
Gross straight-line rental income	(59,727)	(57,784)
Amortization related to above (below) market leases, net	870	331
Non-cash interest expense	(4,082)	920
Cap ex, tenant improvements, lease commissions	(25,599)	(28,354)
Funds available for distribution	594,688	725,388
Normalizing items:		
Transaction costs	61,045	13,365
Loss (gain) on derivatives, net	(58,427)	-
Loss (gain) on extinguishment of debt, net	34,288	9
Other expenses	11,278	3,161
Additional other income	(2,144)	(11,811)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	2,485	2,439
Funds available for distribution - normalized	\$643,213	\$732,551
Average common shares outstanding:		
Basic	343,624	355,879
Diluted	344,623	357,489
Net income (loss) attributable to common stockholders per share:		
Basic	\$1.46	\$0.97
Diluted	\$1.46	\$0.96
Funds available for distribution per share:		
Basic	\$1.73	\$2.04
Diluted	\$1.73	\$2.03
Funds available for distribution - normalized per share:		
Basic	\$1.87	\$2.06
Diluted	\$1.87	\$2.05
<b>Funds Available for Distribution Payout Ratio:</b>		
Dividends per common share	\$1.65	\$1.72
Diluted funds available for distribution per share	\$1.73	\$2.03
FAD payout ratio	95%	85%
<b>Funds Available for Distribution - Normalized Payout Ratio:</b>		
Dividends per common share	\$1.65	\$1.72
Diluted funds available for distribution - normalized per share	\$1.87	\$2.05
FAD - normalized payout ratio	88%	84%

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

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

# FAD ANNUAL RECONCILIATIONS

(in thousands, except per share information)

	Year Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
<b>Funds Available for Distribution:</b>					
Net income (loss) attributable to common stockholders	\$157,108	\$221,884	\$78,714	\$446,745	\$818,344
Depreciation and amortization <sup>(1)</sup>	423,605	533,585	873,960	844,130	826,240
Losses/impairments (gains) on properties, net	(48,966)	(71,262)	(49,138)	(153,522)	(278,167)
Noncontrolling interests <sup>(2)</sup>	(16,325)	(17,871)	(32,031)	(32,978)	(36,275)
Unconsolidated entities <sup>(3)</sup>	5,149	25,437	43,422	68,718	74,336
Gross straight-line rental income	(41,067)	(52,322)	(58,880)	(88,073)	(122,893)
Amortization related to above (below) market leases, net	(2,507)	873	217	739	4,018
Non-cash interest expense	13,905	11,395	4,142	2,427	2,586
Cap ex, tenant improvements, lease commissions	(36,073)	(45,175)	(60,984)	(59,134)	(64,458)
Funds available for distribution	464,318	606,544	799,422	1,029,052	1,223,731
Normalizing items:					
Non-recurring G&A expenses	-	4,316	-	-	-
Transaction costs	70,224	61,609	133,401	69,538	110,926
Loss (gain) on derivatives, net	-	(1,825)	4,470	(1,495)	(58,427)
Loss (gain) on extinguishment of debt, net	(979)	(775)	(909)	9,558	34,677
Provision for loan losses	2,010	27,008	2,110	-	-
CEO transaction costs	-	-	-	19,688	-
Nonrecurring income tax benefits	-	-	-	(17,426)	(5,430)
Other expenses	-	-	-	10,262	46,926
Held for sale hospital operating expenses	1,653	215	-	-	-
Additional other income	(3,774)	-	-	-	(5,813)
Preferred stock redemption charge	-	6,242	-	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	-	(1,985)	5,661	(312)
Funds available for distribution - normalized	\$523,963	\$703,334	\$936,509	\$1,124,838	\$1,346,278
Average common shares outstanding:					
Basic	173,741	224,343	276,929	306,272	348,240
Diluted	174,401	225,953	278,761	307,747	349,424
Net income (loss) attributable to common stockholders per					
Basic	\$0.90	\$0.99	\$0.28	\$1.46	\$2.35
Diluted	\$0.90	\$0.98	\$0.28	\$1.45	\$2.34
Funds available for distribution per share:					
Basic	\$2.67	\$2.70	\$2.89	\$3.36	\$3.51
Diluted	\$2.66	\$2.68	\$2.87	\$3.34	\$3.50
Funds available for distribution - normalized per share:					
Basic	\$3.02	\$3.14	\$3.38	\$3.67	\$3.87
Diluted	\$3.00	\$3.11	\$3.36	\$3.66	\$3.85
<b>Funds Available for Distribution Payout Ratio:</b>					
Dividends per common share	\$2.835	\$2.96	\$3.06	\$3.18	\$3.30
Diluted funds available for distribution per share	\$2.66	\$2.68	\$2.87	\$3.34	\$3.50
FAD payout ratio	107%	110%	107%	95%	94%
<b>Funds Available for Distribution - Normalized Payout</b>					
Dividends per common share	\$2.835	\$2.96	\$3.06	\$3.18	\$3.30
Diluted funds available for distribution - normalized per	\$3.00	\$3.11	\$3.36	\$3.66	\$3.85
FAD - normalized payout ratio	95%	95%	91%	87%	86%

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

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

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

(dollars per fully diluted share)

	<b>Year Ended December 31, 2016</b>		
	<b>Low</b>	<b>Mid-point</b>	<b>High</b>
Net income attributable to common stockholders	\$2.74	\$2.79	\$2.84
Losses/impairments (gains) on sale of properties, net <sup>(1,2)</sup>	(0.68)	(0.68)	(0.68)
Depreciation and amortization <sup>(1)</sup>	2.42	2.42	2.42
FAD-only adjustments <sup>(1,3)</sup>	(0.55)	(0.55)	(0.55)
Funds available for distribution	3.93	3.98	4.03
Normalizing items, net <sup>(4)</sup>	0.02	0.02	0.02
Funds available for distribution - normalized	\$3.95	\$4.00	\$4.05

(1) Amounts presented net of noncontrolling interests' share and Welltower'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 press release dated August 2, 2016.

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 outpatient medical properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations or transaction costs. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets.

In-Place NOI (IPNOI) represents NOI excluding interest income, other income, and non-cash NOI and adjusted for timing of current quarter portfolio changes such as acquisitions, development conversions, segment transitions, dispositions and investments held for sale.

Revenues per occupied room (REVPOR) is used to evaluate the revenue-generating capacity and profit potential of our seniors housing operating portfolio independent of fluctuating occupancy rates. It is calculated as total resident fees and services revenues divided by average monthly occupied room days. REVPOR is also used in comparison against industry and competitor statistics, if known, to evaluate the quality of our seniors housing operating portfolio.

Same store NOI (SSNOI) and same store REVPOR (SS REVPOR) are used to evaluate the cash-based performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. For purposes of SSNOI and SS REVPOR, same store is generally defined as those revenue-generating properties in the portfolio for the relevant reporting periods. Land parcels, loans and sub-leases as well as any properties acquired, developed/redeveloped, transitioned, sold or classified as held for sale during those periods are generally excluded from the same store amounts. Normalizers include adjustments that in management's opinion are appropriate in considering SSNOI and SS REVPOR, which are supplemental, non-GAAP performance measures. None of these adjustments, which may increase or decrease SSNOI and SS REVPOR, are reflected in the company's financial statements prepared in accordance with U.S. GAAP.

We believe NOI, IPNOI, SSNOI, 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 these metrics to make decisions about resource allocations and to assess the property level performance of our properties.

# NOI QUARTERLY RECONCILIATION

(dollars in thousands at Welltower pro rata ownership)

	Three Months Ended				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
<b>Revenues:</b>					
Seniors housing triple-net					
Rental income	\$145,482	\$149,271	\$152,690	\$153,929	\$155,700
Interest income	8,483	9,384	10,003	9,345	9,367
Other income	291	198	284	465	191
Total revenues	154,256	158,853	162,977	163,739	165,258
Long-term/post-acute care					
Rental income	122,894	124,723	126,070	128,691	130,059
Interest income	9,707	10,071	11,761	13,508	12,603
Other income	679	771	763	1,024	1,014
Total revenues	133,280	135,565	138,594	143,223	143,676
Seniors housing operating					
Resident fees and service	539,700	545,452	579,530	589,835	598,621
Interest income	1,042	1,054	1,054	1,031	1,042
Other income	3,200	753	1,038	2,169	8,902
Total revenues	543,942	547,259	581,622	593,035	608,565
Outpatient medical					
Rental income	121,282	124,060	123,200	123,625	127,076
Interest income	1,345	1,872	1,372	1,304	994
Other income	195	308	4,020	313	-
Total revenues	122,822	126,240	128,592	125,242	128,070
Hospital, Life science, and Corporate					
Rental income	12,077	2,790	2,790	-	-
Other income	39	22	1,008	58	4,607
Total revenues	12,116	2,812	3,798	58	4,607
<b>Total</b>					
Rental income	401,735	400,844	404,750	406,245	412,835
Resident fees and service	539,700	545,452	579,530	589,835	598,621
Interest income	20,577	22,381	24,190	25,188	24,006
Other income	4,404	2,052	7,113	4,029	14,714
<b>Total revenues</b>	966,416	970,729	1,015,583	1,025,297	1,050,176
<b>Property operating expenses:</b>					
Seniors housing operating					
Outpatient medical	362,032	365,966	393,889	398,636	404,435
Hospital, Life science, and Corporate	36,647	38,074	36,347	38,045	38,191
<b>Total property operating expenses</b>	3,662	-	-	-	-
<b>Total property operating expenses</b>	402,341	404,040	430,236	436,681	442,626
<b>Net operating income:</b>					
Seniors housing triple-net	154,256	158,853	162,977	163,739	165,258
Long-term/post-acute care	133,280	135,565	138,594	143,223	143,676
Seniors housing operating	181,910	181,293	187,733	194,399	204,130
Outpatient medical	86,175	88,166	92,245	87,197	89,879
Hospital, Life science, and Corporate	8,454	2,812	3,798	58	4,607
<b>Net operating income</b>	<b>\$564,075</b>	<b>\$566,689</b>	<b>\$585,347</b>	<b>\$588,616</b>	<b>\$607,550</b>
Consolidated total revenues	\$957,169	\$978,997	\$1,029,484	\$1,047,050	\$1,076,657
Consolidated operating expenses	398,354	408,703	438,738	449,636	458,832
Consolidated net operating income	558,815	570,294	590,746	597,414	617,825
Pro rata adjustments <sup>(2)</sup>	5,260	(3,605)	(5,399)	(8,798)	(10,275)
Pro rata net operating income (NOI)	\$564,075	\$566,689	\$585,347	\$588,616	\$607,550

(1) During the quarter ended March 31, 2016, four properties were reclassified from Hospitals to the Outpatient Medical category. Accordingly, all periods have been restated to reflect the current classifications.

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

# NOI YEAR-TO-DATE RECONCILIATION

(dollars in thousands at Welltower pro rata ownership)

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2016</b>
<b>Revenues</b>		
Seniors housing triple-net		
Rental income	\$283,289	\$309,629
Interest income	16,542	18,713
Other income	985	656
<b>Total revenues</b>	<b>300,816</b>	<b>328,998</b>
Long-term/post-acute care		
Rental income	242,895	258,750
Interest income	16,346	26,111
Other income	3,797	2,038
<b>Total revenues</b>	<b>263,038</b>	<b>286,899</b>
Seniors housing operating		
Resident fees and services	1,042,978	1,188,456
Interest income	2,073	2,073
Other income	4,214	11,070
<b>Total revenues</b>	<b>1,049,265</b>	<b>1,201,599</b>
Outpatient medical		
Rental income	226,512	250,701
Interest income	2,610	2,298
Other income	355	313
<b>Total revenues</b>	<b>229,477</b>	<b>253,312</b>
Hospital, Life science, and Corporate		
Rental income	34,727	-
Other income	132	4,665
<b>Total revenues</b>	<b>34,859</b>	<b>4,665</b>
<b>Total</b>		
Rental income	787,423	819,080
Resident fees and services	1,042,978	1,188,456
Interest income	37,571	49,195
Other income	9,483	18,742
<b>Total revenues</b>	<b>1,877,455</b>	<b>2,075,473</b>
<b>Property operating expenses:</b>		
Seniors housing operating	706,102	803,071
Medical office buildings	73,532	76,236
Hospital, Life science, and Corporate	7,844	-
<b>Total property operating expenses</b>	<b>787,478</b>	<b>879,307</b>
<b>Net operating income:</b>		
Seniors housing triple-net	300,816	328,998
Long-term/post-acute care	263,038	286,899
Seniors housing operating	343,163	398,528
Outpatient medical	155,945	177,076
Hospital, Life science, and Corporate	27,015	4,665
<b>Net operating income</b>	<b>\$1,089,977</b>	<b>\$1,196,166</b>
Consolidated total revenues	\$1,851,346	\$2,123,705
Consolidated operating expenses	774,815	908,468
Consolidated net operating income	1,076,531	1,215,237
Pro rata adjustments <sup>(1)</sup>	13,446	(19,071)
<b>Pro rata net operating income (NOI)</b>	<b>\$1,089,977</b>	<b>\$1,196,166</b>

(1) Represents NOI amounts attributable to joint venture partners, both majority and minority, net.

# NOI ANNUAL RECONCILIATION

(dollars in thousands at Welltower pro rata ownership)

	Year Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
<b>Revenues:</b>					
Seniors housing triple-net					
Rental income	\$307,095	\$372,960	\$432,648	\$519,741	\$585,250
Interest income	21,014	16,156	14,378	18,502	35,929
Other income	6,166	1,495	1,331	556	1,467
<b>Total revenues</b>	<b>334,275</b>	<b>390,611</b>	<b>448,357</b>	<b>538,799</b>	<b>622,646</b>
Long-term/post-acute care					
Rental income	351,886	415,439	393,899	437,682	493,688
Interest income	16,237	11,621	11,833	12,571	38,178
Other income	497	952	139	2,392	5,331
<b>Total revenues</b>	<b>368,620</b>	<b>428,012</b>	<b>405,871</b>	<b>452,645</b>	<b>537,197</b>
Seniors housing operating					
Resident fees and services	408,386	692,696	1,659,586	1,919,947	2,167,960
Interest income	-	6,208	757	2,119	4,181
Other income	-	-	397	3,161	6,005
<b>Total revenues</b>	<b>408,386</b>	<b>698,904</b>	<b>1,660,740</b>	<b>1,925,227</b>	<b>2,178,146</b>
Outpatient medical					
Rental income	235,451	322,625	367,651	408,160	483,603
Interest income	723	2,181	3,683	3,292	5,854
Other income	3,916	1,887	1,908	1,022	4,683
<b>Total revenues</b>	<b>240,090</b>	<b>326,693</b>	<b>373,242</b>	<b>412,474</b>	<b>494,140</b>
Hospital, Life science, and Corporate					
Rental income	75,603	86,374	88,784	71,765	30,477
Interest income	3,094	2,877	2,004	1,182	-
Other income	716	694	321	701	1,162
<b>Total revenues</b>	<b>79,413</b>	<b>89,945</b>	<b>91,109</b>	<b>73,648</b>	<b>31,639</b>
<b>Total</b>					
Rental income	970,035	1,197,398	1,282,982	1,437,348	1,593,018
Resident fees and services	408,386	692,696	1,659,586	1,919,947	2,167,960
Interest income	41,068	39,043	32,655	37,666	84,141
Other income	11,295	5,028	4,096	7,832	18,649
<b>Total revenues</b>	<b>1,430,784</b>	<b>1,934,165</b>	<b>2,979,319</b>	<b>3,402,793</b>	<b>3,863,768</b>
<b>Property operating expenses:</b>					
Long-term/post-acute care <sup>(1)</sup>	58	745	635	274	-
Seniors housing operating	282,438	467,600	1,119,280	1,280,636	1,465,958
Outpatient medical	66,864	97,971	118,031	134,018	147,953
Hospital, Life science, and Corporate	14,970	14,217	16,031	15,657	7,844
<b>Total property operating expenses</b>	<b>364,330</b>	<b>580,533</b>	<b>1,253,977</b>	<b>1,430,585</b>	<b>1,621,755</b>
<b>Net operating income:</b>					
Seniors housing triple-net	334,275	390,611	448,357	538,799	622,646
Long-term/post-acute care	368,562	427,267	405,236	452,371	537,197
Seniors housing operating	125,948	231,304	541,460	644,591	712,189
Outpatient medical	173,226	228,722	255,211	278,456	346,187
Hospital, Life science, and Corporate	64,443	75,728	75,078	57,991	23,794
<b>Net operating income</b>	<b>\$1,066,454</b>	<b>\$1,353,632</b>	<b>\$1,725,342</b>	<b>\$1,972,208</b>	<b>\$2,242,013</b>
Consolidated total revenues	\$1,437,295	\$1,901,422	\$2,898,986	\$3,343,546	\$3,859,826
Consolidated operating expenses	383,870	572,471	1,210,209	1,403,358	1,622,257
Consolidated net operating income	1,053,425	1,328,951	1,688,777	1,940,188	2,237,569
Pro rata adjustments <sup>(2)</sup>	13,029	24,681	36,565	32,020	4,444
<b>Pro rata net operating income (NOI)</b>	<b>\$1,066,454</b>	<b>\$1,353,632</b>	<b>\$1,725,342</b>	<b>\$1,972,208</b>	<b>\$2,242,013</b>

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. In addition, during the quarter ended March 31, 2016, four properties were reclassified from Hospitals to the Outpatient Medical category. Accordingly, all periods have been restated to reflect the current classifications.

(1) Represents NOI amounts attributable to joint venture partners, both majority and minority, net.



# SAME STORE NOI RECONCILIATIONS

(dollars in thousands at Welltower pro rata ownership)

	Three Months Ended				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
<b>Seniors housing triple-net</b>					
NOI <sup>(1)</sup>	\$ 154,256	\$ 158,853	\$ 162,977	\$ 163,739	\$ 165,258
Non-cash NOI on same store properties	(8,625)	(8,749)	(6,632)	(6,758)	(6,541)
NOI attributable to non-same store properties	(17,795)	(21,385)	(26,788)	(27,196)	(28,254)
Currency and ownership adjustments <sup>(2)</sup>	(401)	(489)	(201)	68	496
SSNOI	127,435	128,230	129,356	129,853	130,959
<b>Long-term/post-acute care</b>					
NOI <sup>(1)</sup>	133,280	135,565	138,594	143,223	143,676
Non-cash NOI on same store properties	(17,088)	(17,023)	(16,977)	(17,100)	(14,919)
NOI attributable to non-same store properties	(23,478)	(25,639)	(28,622)	(32,809)	(32,798)
Currency and ownership adjustments <sup>(2)</sup>	(149)	(49)	(17)	96	(75)
SSNOI	92,565	92,854	92,978	93,410	95,884
<b>Seniors housing operating</b>					
NOI <sup>(1)</sup>	181,910	181,293	187,733	194,399	204,130
Non-cash NOI on same store properties	247	249	248	184	240
NOI attributable to non-same store properties	(3,144)	(4,548)	(16,198)	(19,089)	(18,769)
Currency and ownership adjustments <sup>(2)</sup>	(3,776)	(1,746)	(676)	1,472	(473)
Normalizing adjustment for payroll accruals <sup>(3)</sup>	-	-	-	-	3,469
Normalizing adjustment for workers comp <sup>(4)</sup>	-	-	-	-	(1,682)
Normalizing adjustment for technology costs <sup>(5)</sup>	528	797	964	-	761
Normalizing adjustment for legal fees <sup>(6)</sup>	-	-	1,209	-	-
Normalizing adjustment for insurance reimbursements <sup>(7)</sup>	(2,000)	-	-	(1,025)	(7,654)
Other normalizing adjustments <sup>(8)</sup>	(744)	159	709	(452)	(101)
SSNOI	173,021	176,204	173,989	175,489	179,921
<b>Outpatient Medical</b>					
NOI <sup>(1)</sup>	86,175	88,166	92,245	87,197	89,879
Non-cash NOI on same store properties	(3,889)	(3,837)	(3,760)	(3,239)	(3,146)
NOI attributable to non-same store properties	(3,223)	(5,556)	(8,993)	(4,547)	(6,430)
Currency and ownership adjustments <sup>(2)</sup>	(135)	(193)	(79)	223	219
Other normalizing adjustments <sup>(8)</sup>	111	(73)	(342)	150	398
SSNOI	79,039	78,507	79,071	79,784	80,920
<b>Hospital, Life Science and Corporate</b>					
NOI <sup>(1)</sup>	8,454	2,812	3,798	58	4,607
NOI attributable to non-same store properties	(8,454)	(2,812)	(3,798)	(58)	(4,607)
SSNOI	-	-	-	-	-
<b>Total</b>					
NOI <sup>(1)</sup>	564,075	566,689	585,347	588,616	607,550
Non-cash NOI on same store properties	(29,355)	(29,360)	(27,121)	(26,913)	(24,366)
NOI attributable to non-same store properties	(56,094)	(59,940)	(84,399)	(83,699)	(90,858)
Currency and ownership adjustments	(4,461)	(2,477)	(973)	1,859	167
Normalizing adjustments, net	(2,105)	883	2,540	(1,327)	(4,809)
SSNOI	\$ 472,060	\$ 475,795	\$ 475,394	\$ 478,536	\$ 487,684

(1) See page 14 for calculation of NOI.

(2) Includes adjustments to reflect consistent ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.3495 and to translate UK properties at a GBP/USD rate of 1.4950.

(3) Represents payroll costs incurred for prior periods.

(4) Represents a change in estimate for workers compensation liabilities.

(5) Represents costs expensed by one operator related to implementation of new software.

(6) Represents legal fees associated with a class action lawsuit related to certain California properties.

(7) Represents proceeds received from insurance claims at one property.

(8) Represents aggregate normalizing adjustments which are individually less than 0.50% of SSNOI growth per property type.

(dollars in thousands at Welltower pro rata ownership)

	Seniors Housing Triple-Net	Long-Term /Post-Acute Care	Seniors Housing Operating	Outpatient Medical	Hospital, Life Science & Corporate	Total
<b>Three months ended June 30, 2016:</b>						
Revenues	\$ 165,258	\$ 143,676	\$ 608,565	\$ 128,070	\$ 4,607	\$ 1,050,176
Property operating expenses	-	-	404,435	38,191	-	442,626
<b>Net operating income<sup>(1)</sup></b>	<b>\$ 165,258</b>	<b>\$ 143,676</b>	<b>\$ 204,130</b>	<b>\$ 89,879</b>	<b>\$ 4,607</b>	<b>\$ 607,550</b>
Adjust:						
Interest income	(9,367)	(12,603)	(1,042)	(994)	-	(24,006)
Other income	(191)	(1,014)	(8,902)	-	(4,607)	(14,714)
Sold / held for sale	(5,257)	(10,843)	-	(2,361)	-	(18,461)
Non-cash NOI	(4,895)	(15,600)	241	(2,747)	-	(23,001)
Timing adjustments <sup>(2)</sup>	44	650	979	-	-	1,673
<b>In-Place NOI</b>	<b>\$ 145,592</b>	<b>\$ 104,266</b>	<b>\$ 195,406</b>	<b>\$ 83,777</b>	<b>\$ -</b>	<b>\$ 529,041</b>
<b>Annualized In-Place NOI</b>	<b>\$ 582,368</b>	<b>\$ 417,064</b>	<b>\$ 781,624</b>	<b>\$ 335,108</b>	<b>\$ -</b>	<b>\$ 2,116,164</b>

(1) See page 14 for calculation of NOI.

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

# SHO SSNOI/UNIT RECONCILIATION

(dollars in thousands, except per unit amounts, at pro rata ownership)

	3Q15	4Q15	1Q16	2Q16	TTM
<b>Total:</b>					
SHO pro rata NOI <sup>(1)</sup>	\$ 181,293	\$ 187,733	\$ 194,399	\$ 204,130	\$ 767,555
Adjustments <sup>(2)</sup>	(5,089)	(13,744)	(18,910)	(24,209)	(61,952)
Total SSNOI	\$ 176,204	\$ 173,989	\$ 175,489	\$ 179,921	\$ 705,603
Average units in service <sup>(3)</sup>					34,727
SSNOI per unit in USD					\$ 20,319
<b>United States:</b>					
Total SHO SSNOI	\$ 176,204	\$ 173,989	\$ 175,489	\$ 179,921	\$ 705,603
Adjustments <sup>(2)</sup>	(52,464)	(51,032)	(52,493)	(52,244)	(208,233)
Total local SSNOI	\$ 123,740	\$ 122,957	\$ 122,996	\$ 127,677	\$ 497,370
Average units in service <sup>(3)</sup>					21,368
SSNOI per unit in USD					\$ 23,276
<b>United Kingdom:</b>					
Total SHO SSNOI	\$ 176,204	\$ 173,989	\$ 175,489	\$ 179,921	\$ 705,603
Adjustments <sup>(2)</sup>	(152,706)	(151,234)	(151,831)	(157,185)	(612,956)
Total local SSNOI	\$ 23,498	\$ 22,755	\$ 23,658	\$ 22,736	\$ 92,647
Average units in service <sup>(3)</sup>					2,913
SSNOI per unit in USD					\$ 31,805
SSNOI per unit in GBP <sup>(4)</sup>					£ 21,274
<b>Canada:</b>					
Total SHO SSNOI	\$ 176,204	\$ 173,989	\$ 175,489	\$ 179,921	\$ 705,603
Adjustments <sup>(2)</sup>	(147,238)	(145,712)	(146,654)	(150,413)	(590,017)
Total local SSNOI	\$ 28,966	\$ 28,277	\$ 28,835	\$ 29,508	\$ 115,586
Average units in service <sup>(3)</sup>					10,446
SSNOI per unit in USD					\$ 11,065
SSNOI per unit in CAD <sup>(4)</sup>					\$ 14,933

(1) Represents total SHO NOI at Welltower pro rata ownership. See page 14.

(2) Represents NOI not derived from local country properties or from non-SS properties, as well as non-cash NOI, currency and ownership adjustments, and normalizing adjustments for local country properties. See page 13 for descriptions of non-SSNOI

(3) Represents average units in service for SS properties related solely to referenced country on a pro rata basis.

(4) Based on GBP/USD rate of 1.4950 and USD/CAD rate of 1.3495.

(dollars in thousands, except REVPOR)

	<b>Total Portfolio</b>	<b>United States</b>	<b>United Kingdom</b>	<b>Canada</b>
<b>Three months ended June 30, 2016:</b>				
Consolidated revenues	\$625,251	\$625,251	\$625,251	\$625,251
Unconsolidated revenues attributable to Welltower <sup>(1)</sup>	40,366	40,366	40,366	40,366
Less revenues attributable to noncontrolling interests <sup>(2)</sup>	(57,052)	(57,052)	(57,052)	(57,052)
Total revenues at Welltower pro rata ownership	\$608,565	\$608,565	\$608,565	\$608,565
Less interest and other income	(9,944)	(9,944)	(9,944)	(9,944)
Adjustment for standardized currency rates <sup>(3)</sup>	(1,654)	-	2,952	(4,606)
Less revenues not derived in country	-	(171,977)	(528,853)	(496,412)
Total local revenues	\$596,967	\$426,644	\$72,720	\$97,603
Average occupied units/month	35,866	20,847	2,593	12,426
REVPOR/month in USD	\$5,563	\$6,841	\$9,374	\$2,625
REVPOR/month in local currency <sup>(3)</sup>			£6,270	\$3,543

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

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

(3) Based on USD/CAD rate of 1.3495 and GBP/USD rate of 1.4950.

# SS REVPOR GROWTH RECONCILIATION

(dollars in thousands, except REVPOR)

	3Q14	3Q15	4Q14	4Q15	1Q15	1Q16	2Q15	2Q16	Avg.
<b>Total:</b>									
Consolidated SHO revenues <sup>(1)</sup>	\$ 483,791	\$ 547,081	\$ 488,546	\$ 586,826	\$ 494,561	\$ 605,369	\$ 539,805	\$ 625,251	
Pro rata adjustments <sup>(2)</sup>	8,494	178	10,457	(5,204)	10,762	(12,334)	4,137	(16,686)	
SHO pro rata revenues <sup>(3)</sup>	\$ 492,285	\$ 547,259	\$ 499,003	\$ 581,622	\$ 505,323	\$ 593,035	\$ 543,942	\$ 608,565	
Adjustments <sup>(4)</sup>	(16,970)	(58,342)	(22,222)	(89,844)	(23,726)	(88,286)	(20,996)	(60,111)	
SHO SS revenues <sup>(5)</sup>	\$ 475,315	\$ 488,917	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	
Avg. occupied units/month <sup>(8)</sup>	27,706	27,651	27,902	27,893	27,939	28,100	30,871	31,203	
SHO SS REVPOR <sup>(9)</sup>	\$ 5,672	\$ 5,846	\$ 5,649	\$ 5,829	\$ 5,762	\$ 6,004	\$ 5,662	\$ 5,875	
SS REVPOR growth		3.1%		3.2%		4.2%		3.8%	3.6%
<b>United States:</b>									
SHO SS revenues <sup>(5)</sup>	\$ 475,315	\$ 488,917	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	
Less non-US SS revenues <sup>(6)</sup>	(126,450)	(129,340)	(122,994)	(127,252)	(122,088)	(128,295)	(139,144)	(147,992)	
US SHO revenues <sup>(7)</sup>	\$ 348,865	\$ 359,577	\$ 353,787	\$ 364,526	\$ 359,509	\$ 376,454	\$ 383,802	\$ 400,462	
Avg. occupied units/month <sup>(8)</sup>	17,797	17,752	18,039	17,977	18,024	18,027	19,088	19,113	
US SHO SS REVPOR <sup>(9)</sup>	\$ 6,481	\$ 6,697	\$ 6,484	\$ 6,704	\$ 6,667	\$ 6,980	\$ 6,720	\$ 7,003	
US SS REVPOR growth		3.3%		3.4%		4.7%		4.2%	3.9%
<b>United Kingdom:</b>									
SHO SS revenues <sup>(5)</sup>	\$ 475,315	\$ 488,917	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	
Less non-UK SS revenues <sup>(6)</sup>	(409,027)	(421,074)	(415,151)	(427,643)	(415,574)	(435,225)	(456,676)	(477,986)	
UK SHO revenues <sup>(7)</sup>	\$ 66,288	\$ 67,843	\$ 61,630	\$ 64,135	\$ 66,023	\$ 69,524	\$ 66,270	\$ 70,468	
Avg. occupied units/month <sup>(8)</sup>	2,340	2,350	2,219	2,244	2,437	2,477	2,447	2,507	
UK SHO SS REVPOR <sup>(9)</sup>	\$ 9,364	\$ 9,544	\$ 9,184	\$ 9,450	\$ 9,057	\$ 9,383	\$ 9,051	\$ 9,396	
UK SS REVPOR growth		1.9%		2.9%		3.6%		3.8%	3.1%
<b>Canada:</b>									
SHO SS revenues <sup>(5)</sup>	\$ 475,315	\$ 488,917	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	
Less non-CA SS revenues <sup>(6)</sup>	(415,153)	(427,420)	(415,417)	(428,661)	(425,532)	(445,978)	(450,072)	(470,930)	
CA SHO revenues <sup>(7)</sup>	\$ 60,162	\$ 61,497	\$ 61,364	\$ 63,117	\$ 56,065	\$ 58,771	\$ 72,874	\$ 77,524	
Avg. occupied units/month <sup>(8)</sup>	7,572	7,550	7,644	7,672	7,478	7,596	9,336	9,583	
CA SHO SS REVPOR <sup>(9)</sup>	\$ 2,627	\$ 2,693	\$ 2,654	\$ 2,720	\$ 2,506	\$ 2,586	\$ 2,609	\$ 2,704	
CA SS REVPOR growth		2.5%		2.5%		3.2%		3.6%	3.0%

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

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

(3) Represents total SHO revenues at Welltower pro rata ownership.

(4) Represents revenues not derived from local country properties or from non-SS properties, as well as non-cash revenues, currency and ownership adjustments, and normalizing adjustments for local country properties.

(5) Represents SS SHO revenues at Welltower pro rata ownership.

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

(7) Represents pro rata SS revenues 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.

# SSNOI GROWTH RECONCILIATION

(dollars in thousands)

	3Q14	3Q15	4Q14	4Q15	1Q15	1Q16	2Q15	2Q16	Avg.
<b>Total:</b>									
SHO pro rata NOI <sup>(1)</sup>	\$ 167,192	\$ 181,293	\$ 166,606	\$ 187,733	\$ 161,253	\$ 194,399	\$ 181,910	\$ 204,130	
Adjustments <sup>(2)</sup>	(9,136)	(18,898)	(12,195)	(28,194)	(7,557)	(32,193)	(8,889)	(24,209)	
SHO pro rata SSNOI <sup>(3)</sup>	\$ 158,056	\$ 162,395	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	
SHO SSNOI growth		2.7%		3.3%		5.5%		4.0%	3.9%
<b>United States:</b>									
SHO pro rata SSNOI <sup>(3)</sup>	\$ 158,056	\$ 162,395	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	
Less non-US SSNOI <sup>(4)</sup>	(47,537)	(47,866)	(44,768)	(45,217)	(43,568)	(46,458)	(49,682)	(52,244)	
US SHO SSNOI <sup>(5)</sup>	\$ 110,519	\$ 114,529	\$ 109,643	\$ 114,322	\$ 110,128	\$ 115,748	\$ 123,339	\$ 127,677	
US SHO SSNOI growth		3.6%		4.3%		5.1%		3.5%	4.1%
<b>United Kingdom:</b>									
SHO pro rata SSNOI <sup>(3)</sup>	\$ 158,056	\$ 162,395	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	
Less non-UK SSNOI <sup>(4)</sup>	(134,251)	(138,866)	(132,550)	(138,282)	(131,390)	(138,548)	(150,882)	(157,185)	
UK SHO SSNOI <sup>(5)</sup>	\$ 23,805	\$ 23,529	\$ 21,861	\$ 21,257	\$ 22,306	\$ 23,658	\$ 22,139	\$ 22,736	
UK SHO SSNOI growth		-1.2%		-2.8%		6.1%		2.7%	1.2%
<b>Canada:</b>									
SHO pro rata SSNOI <sup>(3)</sup>	\$ 158,056	\$ 162,395	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	
Less non-CA SSNOI <sup>(4)</sup>	(134,324)	(138,058)	(131,504)	(135,579)	(132,434)	(139,406)	(145,478)	(150,413)	
CA SHO SSNOI <sup>(5)</sup>	\$ 23,732	\$ 24,337	\$ 22,907	\$ 23,960	\$ 21,262	\$ 22,800	\$ 27,543	\$ 29,508	
CA SHO SSNOI growth		2.5%		4.6%		7.2%		7.1%	5.4%

Notes:

- (1) Represents total SHO NOI at Welltower pro rata ownership. See page 14.
- (2) Represents NOI not derived from non-SS properties, as well as non-cash NOI, currency and ownership adjustments, and normalizing adjustments for SS properties. See page 17 for descriptions of non-SSNOI items.
- (3) Represents SHO SSNOI at Welltower pro rata ownership.
- (4) Represents pro rata SSNOI derived outside the referenced country.
- (5) Represents pro rata SSNOI derived solely from referenced country.

EBITDA stands for earnings (net income per income statement) before interest expense, income taxes, depreciation and amortization. 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 Adjusted EBITDA (A-EBITDA) to include adjustments for stock-based compensation expense, provision for loan losses, gains/losses on extinguishment of debt, transactions costs, gains/losses/impairments on properties, gains/losses on derivatives and other non-recurring and/or non-cash income/charges.

We believe that EBITDA and A-EBITDA, along with net income and cash flow provided from operating activities, are important supplemental measures because they provide additional information to assess and evaluate the performance of our operations. We primarily utilize them to measure our interest coverage ratio, which represents EBITDA and A-EBITDA divided by total interest, and our fixed charge coverage ratio, which represents EBITDA and A-EBITDA divided by fixed charges. Fixed charges include total interest, secured debt principal amortization and preferred dividends.

# EBITDA AND ADJUSTED EBITDA QUARTERLY RECONCILIATIONS

(dollars in thousands)

	Three Months Ended				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
Net income	\$330,459	\$199,257	\$149,416	\$165,474	\$210,749
Interest expense	118,861	121,130	131,097	132,960	132,326
Income tax expense (benefit)	7,417	(3,344)	2,682	(1,725)	(513)
Depreciation and amortization	208,802	205,799	222,809	228,696	226,569
<b>EBITDA</b>	<b>\$665,539</b>	<b>\$522,842</b>	<b>\$506,004</b>	<b>\$525,405</b>	<b>\$569,131</b>
Transaction costs <sup>(1)</sup>	12,491	9,333	40,547	8,208	5,157
Stock-based compensation <sup>(1)</sup>	11,124	5,477	5,189	8,186	7,031
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	18,887	584	(195)	(24)	33
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(190,111)	(2,046)	(31,385)	14,314	(1,530)
Other expenses <sup>(1)</sup>	4,988	-	35,648	-	1,738
Additional other income <sup>(1)</sup>	-	-	-	-	(11,811)
Total adjustments	(142,621)	13,348	49,804	30,684	618
<b>Adjusted EBITDA</b>	<b>\$522,918</b>	<b>\$536,190</b>	<b>\$555,808</b>	<b>\$556,089</b>	<b>\$569,749</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$118,861	\$121,130	\$131,097	\$132,960	\$132,326
Capitalized interest	2,060	1,865	2,358	3,037	4,306
Non-cash interest expense	4,202	(3,791)	(2,878)	599	(1,519)
Total interest	\$125,123	\$119,204	\$130,577	\$136,596	\$135,113
EBITDA	\$665,539	\$522,842	\$506,004	\$525,405	\$569,131
Interest coverage ratio	5.32x	4.39x	3.88x	3.85x	4.21x
Adjusted EBITDA	\$522,918	\$536,190	\$555,808	\$556,089	\$569,749
Adjusted interest coverage ratio	4.18x	4.50x	4.26x	4.07x	4.22x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$125,123	\$119,204	\$130,577	\$136,596	\$135,113
Secured debt principal amortization	17,336	15,817	18,281	18,642	19,096
Preferred dividends	16,352	16,352	16,352	16,352	16,352
Total fixed charges	\$158,811	\$151,373	\$165,210	\$171,590	\$170,561
EBITDA	\$665,539	\$522,842	\$506,004	\$525,405	\$569,131
Fixed charge coverage ratio	4.19x	3.45x	3.06x	3.06x	3.34x
Adjusted EBITDA	\$522,918	\$536,190	\$555,808	\$556,089	\$569,749
Adjusted fixed charge coverage ratio	3.29x	3.54x	3.36x	3.24x	3.34x
<b>Net Debt to Adjusted EBITDA Ratios:</b>					
Total debt	\$11,552,367	\$11,467,775	\$12,967,686	\$13,063,198	\$12,973,725
Less: cash and cash equivalents <sup>(2)</sup>	(217,942)	(292,043)	(484,754)	(355,949)	(466,585)
Net debt	\$11,334,425	\$11,175,732	\$12,482,932	\$12,707,249	\$12,507,140
EBITDA Annualized	2,662,156	2,091,368	2,024,016	2,101,620	2,276,524
Net debt to EBITDA ratio	4.26x	5.34x	6.17x	6.05x	5.49x
Adjusted EBITDA Annualized	\$2,091,672	\$2,144,760	\$2,223,232	\$2,224,356	\$2,278,995
Net debt to adjusted EBITDA ratio	5.42x	5.21x	5.61x	5.71x	5.49x

(1) 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.

(2) Includes IRC section 1031 deposits, if any. 4Q15 also includes cash received from CPPIB joint venture buy-in subsequent to 12/31/2015.



# EBITDA AND ADJUSTED EBITDA YEAR-TO-DATE RECONCILIATIONS

(dollars in thousands)

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>June 30, 2016</b>
Net income	\$539,880	\$376,223
Interest expense	239,942	265,285
Income tax expense (benefit)	7,113	(2,239)
Depreciation and amortization	397,631	455,265
<b>EBITDA</b>	<b>\$1,184,566</b>	<b>\$1,094,534</b>
Transaction costs <sup>(1)</sup>	61,045	13,365
Stock-based compensation <sup>(1)</sup>	20,178	15,217
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	34,288	9
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(244,736)	12,784
Loss / (gain) on derivatives, net <sup>(1)</sup>	(58,427)	-
Other expenses <sup>(1)</sup>	4,988	1,738
Additional other income <sup>(1)</sup>	(2,144)	(11,811)
Total adjustments	(184,808)	31,302
<b>Adjusted EBITDA</b>	<b>\$999,758</b>	<b>\$1,125,836</b>
<b>Interest Coverage Ratios:</b>		
Interest expense	\$239,942	\$265,285
Capitalized interest	4,446	7,343
Non-cash interest expense	4,082	(920)
Total interest	248,470	271,708
EBITDA	\$1,184,566	\$1,094,534
Interest coverage ratio	4.77x	4.03x
Adjusted EBITDA	\$999,758	\$1,125,836
Adjusted interest coverage ratio	4.02x	4.14x
<b>Fixed Charge Coverage Ratios:</b>		
Total interest	\$248,470	\$271,708
Secured debt principal amortization	32,966	37,737
Preferred dividends	32,703	32,703
Total fixed charges	314,139	342,148
EBITDA	\$1,184,566	\$1,094,534
Fixed charge coverage ratio	3.77x	3.20x
Adjusted EBITDA	\$999,758	\$1,125,836
Adjusted fixed charge coverage ratio	3.18x	3.29x

(1) 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.

# EBITDA AND ADJUSTED EBITDA ANNUAL RECONCILIATIONS

(dollars in thousands)

	Year Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Net income	\$212,716	\$294,840	\$138,280	\$512,300	\$888,549
Interest expense	321,999	383,300	462,606	481,197	492,169
Income tax expense (benefit)	1,388	7,612	7,491	(1,267)	6,451
Depreciation and amortization	423,605	533,585	873,960	844,130	826,240
<b>EBITDA</b>	<b>\$959,708</b>	<b>\$1,219,337</b>	<b>\$1,482,337</b>	<b>\$1,836,360</b>	<b>\$2,213,409</b>
Transaction costs <sup>(1)</sup>	70,224	61,609	133,401	69,538	110,926
Stock-based compensation <sup>(1)</sup>	10,786	18,521	20,177	32,075	30,844
Provision for loan losses <sup>(1)</sup>	2,010	27,008	2,110	-	-
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	(979)	(775)	(909)	9,558	34,677
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(48,966)	(71,262)	(49,138)	(153,522)	(278,167)
Loss / (gain) on derivatives, net <sup>(1)</sup>	-	(1,825)	4,470	(1,495)	(58,427)
CEO transition costs <sup>(1)</sup>	-	-	-	10,465	-
Other expenses <sup>(1)</sup>	-	-	-	10,262	40,636
Additional other income <sup>(1)</sup>	-	-	-	-	(2,144)
Total adjustments	33,075	33,276	110,111	(23,119)	(121,655)
<b>Adjusted EBITDA</b>	<b>\$992,783</b>	<b>\$1,252,613</b>	<b>\$1,592,448</b>	<b>\$1,813,241</b>	<b>\$2,091,754</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$321,999	\$383,300	\$462,606	\$481,197	\$492,169
Capitalized interest	13,164	9,777	6,700	7,150	8,670
Non-cash interest expense	(13,905)	(11,395)	(4,044)	(2,427)	(2,586)
Total interest	321,258	381,682	465,262	485,920	498,253
EBITDA	\$959,708	\$1,219,337	\$1,482,337	\$1,836,360	\$2,213,409
Interest coverage ratio	2.99x	3.19x	3.19x	3.78x	4.44x
Adjusted EBITDA	\$992,783	\$1,252,613	\$1,592,448	\$1,813,241	\$2,091,754
Adjusted interest coverage ratio	3.09x	3.28x	3.42x	3.73x	4.20x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$321,258	\$381,682	\$465,262	\$485,920	\$498,253
Secured debt principal amortization	27,804	38,744	56,205	62,280	67,064
Preferred dividends	60,502	69,129	66,336	65,408	65,406
Total fixed charges	409,564	489,555	587,803	613,608	630,723
EBITDA	\$959,708	\$1,219,337	\$1,482,337	\$1,836,360	\$2,213,409
Fixed charge coverage ratio	2.34x	2.49x	2.52x	2.99x	3.51x
Adjusted EBITDA	\$992,783	\$1,252,613	\$1,592,448	\$1,813,241	\$2,091,754
Adjusted fixed charge coverage ratio	2.42x	2.56x	2.71x	2.96x	3.32x
<b>Net Debt to Adjusted EBITDA Ratios:</b>					
Total debt	\$7,240,752	\$8,531,899	\$10,652,014	\$10,828,013	\$12,967,686
Less: cash and cash equivalents <sup>(2)</sup>	(163,482)	(1,033,764)	(158,780)	(473,726)	(484,754)
Net debt	7,077,270	7,498,135	10,493,234	10,354,287	12,482,932
EBITDA	\$959,708	\$1,219,337	\$1,482,337	\$1,836,360	\$2,213,409
Net debt to EBITDA ratio	7.37x	6.15x	7.08x	5.64x	5.64x
Adjusted EBITDA	\$992,783	\$1,252,613	\$1,592,448	\$1,813,241	\$2,091,754
Net debt to adjusted EBITDA ratio	7.13x	5.99x	6.59x	5.71x	5.97x

(1) 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.

(2) Includes IRC section 1031 deposits, if any. 2015 also includes cash received from CPPIB joint venture buy-in subsequent to 12/31/2015.

# EBITDA AND ADJUSTED EBITDA TRAILING TWELVE MONTHS RECONCILIATIONS

(dollars in thousands)

	Twelve Months Ended				
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
Net income	\$899,126	\$945,612	\$888,549	\$844,606	\$724,894
Interest expense	479,083	481,778	492,169	504,048	517,512
Income tax expense (benefit)	2,016	8,870	6,451	5,030	(2,899)
Depreciation and amortization	793,994	798,823	826,240	866,106	883,873
<b>EBITDA</b>	<b>\$2,174,219</b>	<b>\$2,235,083</b>	<b>\$2,213,409</b>	<b>\$2,219,790</b>	<b>\$2,123,380</b>
Transaction costs <sup>(1)</sup>	122,590	118,369	110,926	70,579	63,245
Stock-based compensation <sup>(1)</sup>	30,416	31,622	30,844	29,976	25,883
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	43,464	41,356	34,677	19,252	398
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(385,179)	(357,621)	(278,167)	(209,228)	(20,647)
Loss / (gain) on derivatives, net <sup>(1)</sup>	(60,273)	(60,322)	(58,427)	-	-
Other expenses <sup>(1)</sup>	15,250	4,988	40,636	40,636	37,386
Additional other income <sup>(1)</sup>	(2,144)	(2,144)	(2,144)	(2,144)	(13,955)
Total adjustments	(234,508)	(223,796)	(117,908)	(50,929)	92,310
<b>Adjusted EBITDA</b>	<b>\$1,939,711</b>	<b>\$2,011,287</b>	<b>\$2,095,501</b>	<b>\$2,168,861</b>	<b>\$2,215,690</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$479,083	\$481,778	\$492,169	\$504,048	\$517,512
Capitalized interest	8,292	8,378	8,670	9,320	11,566
Non-cash interest expense	3,636	392	(2,586)	(1,868)	(7,589)
Total interest	491,011	490,548	498,253	511,500	521,489
EBITDA	\$2,174,219	\$2,235,083	\$2,213,409	\$2,219,790	\$2,123,380
Interest coverage ratio	4.43x	4.56x	4.44x	4.34x	4.07x
Adjusted EBITDA	\$1,939,711	\$2,011,287	\$2,095,501	\$2,168,861	\$2,215,690
Adjusted interest coverage ratio	3.95x	4.10x	4.21x	4.24x	4.25x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$491,011	\$490,548	\$498,253	\$511,500	\$521,489
Secured debt principal amortization	63,988	65,256	67,064	70,076	71,836
Preferred dividends	65,408	65,408	65,406	65,408	65,408
Total fixed charges	620,407	621,212	630,723	646,984	658,733
EBITDA	\$2,174,219	\$2,235,083	\$2,213,409	\$2,219,790	\$2,123,380
Fixed charge coverage ratio	3.50x	3.60x	3.51x	3.43x	3.22x
Adjusted EBITDA	\$1,939,711	\$2,011,287	\$2,095,501	\$2,168,861	\$2,215,690
Adjusted fixed charge coverage ratio	3.13x	3.24x	3.32x	3.35x	3.36x

(1) 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.