



welltower

NON-GAAP FINANCIAL MEASURES

QUARTER ENDED September 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. Excluding EBITDA and A-EBITDA, these supplemental measures are disclosed on a Welltower pro rata ownership basis. Pro rata amounts are derived by reducing consolidated amounts for minority partners' noncontrolling ownership interests and adding Welltower's minority ownership share of unconsolidated amounts. Welltower does not control unconsolidated investments. While the company considers pro rata disclosures useful, they may not accurately depict the legal and economic implications of Welltower's joint venture arrangements and should be used with caution.

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				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Funds From Operations:					
Net income (loss) attributable to common stockholders	\$182,043	\$132,931	\$148,969	\$195,474	\$334,910
Depreciation and amortization	205,799	222,809	228,696	226,569	218,061
Losses/impairments (gains) on properties, net	(2,046)	(31,385)	14,314	(1,530)	(152,645)
Noncontrolling interests ⁽¹⁾	(11,647)	(9,908)	(17,319)	(20,616)	(15,695)
Unconsolidated entities ⁽²⁾	18,146	18,062	16,604	17,077	17,240
Funds from operations - NAREIT	392,295	332,509	391,264	416,974	401,871
Normalizing items:					
Transaction costs	9,333	40,547	8,208	5,157	19,842
Loss (gain) on derivatives, net	-	-	-	-	(2,516)
Loss (gain) on extinguishment of debt, net	584	(195)	(24)	33	-
Other expenses	-	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	(312)	(2,485)	1,518	921	1,575
Funds from operations - normalized	\$396,470	\$402,355	\$400,966	\$414,435	\$420,772
Average common shares outstanding:					
Basic	351,765	353,604	355,076	356,646	358,932
Diluted	353,107	354,972	356,051	358,891	361,237
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.52	\$0.38	\$0.42	\$0.55	\$0.93
Diluted	\$0.52	\$0.37	\$0.42	\$0.54	\$0.93
Funds from operations - NAREIT per share:					
Basic	\$1.12	\$0.94	\$1.10	\$1.17	\$1.12
Diluted	\$1.11	\$0.94	\$1.10	\$1.16	\$1.11
Funds from operations - normalized per share:					
Basic	\$1.13	\$1.14	\$1.13	\$1.16	\$1.17
Diluted	\$1.12	\$1.13	\$1.13	\$1.15	\$1.16
Funds From Operations - NAREIT Payout Ratio:					
Dividends per common share	\$0.825	\$0.825	\$0.86	\$0.86	\$0.86
Diluted funds from operations - NAREIT per share	\$1.11	\$0.94	\$1.10	\$1.16	\$1.11
FFO - NAREIT payout ratio	74%	88%	78%	74%	77%
Funds From Operations - Normalized Payout Ratio:					
Dividends per common share	\$0.825	\$0.825	\$0.86	\$0.86	\$0.86
Diluted funds from operations - normalized per share	\$1.12	\$1.13	\$1.13	\$1.15	\$1.16
FFO - normalized payout ratio	74%	73%	76%	75%	74%

(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)

	Nine Months Ended	
	September 30, 2015	September 30, 2016
Funds From Operations:		
Net income (loss) attributable to common stockholders	\$685,413	\$679,353
Depreciation and amortization	603,431	673,326
Losses/impairments (gains) on properties, net	(246,782)	(139,862)
Noncontrolling interests ⁽¹⁾	(29,363)	(53,630)
Unconsolidated entities ⁽²⁾	64,433	50,921
Funds from operations - NAREIT	1,077,132	1,210,108
Normalizing items:		
Transaction costs	70,379	33,207
Loss (gain) on derivatives, net	(58,427)	(2,516)
Loss (gain) on extinguishment of debt, net	34,872	9
Other expenses	11,278	3,161
Additional other income	(2,144)	(11,811)
Nonrecurring income tax benefits	(5,430)	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	2,173	4,014
Funds from operations - normalized	<u>\$1,129,833</u>	<u>\$1,236,172</u>
Average common shares outstanding:		
Basic	346,425	356,911
Diluted	347,547	358,752
Net income (loss) attributable to common stockholders per share:		
Basic	\$1.98	\$1.90
Diluted	\$1.97	\$1.89
Funds from operations - NAREIT per share:		
Basic	\$3.11	\$3.39
Diluted	\$3.10	\$3.37
Funds from operations - normalized per share:		
Basic	\$3.26	\$3.46
Diluted	\$3.25	\$3.45
Funds From Operations - NAREIT Payout Ratio:		
Dividends per common share	\$2.475	\$2.58
Diluted funds from operations - NAREIT per share	\$3.10	\$3.37
FFO - NAREIT payout ratio	<u>80%</u>	<u>77%</u>
Funds From Operations - Normalized Payout Ratio:		
Dividends per common share	\$2.475	\$2.58
Diluted funds from operations - normalized per share	\$3.25	\$3.45
FFO - normalized payout ratio	<u>76%</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
Funds From Operations					
Net income (loss) attributable to common stockholders	\$157,108	\$221,884	\$78,714	\$446,745	\$818,344
Depreciation and amortization	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 ⁽¹⁾	(18,557)	(21,058)	(36,304)	(37,852)	(39,271)
Unconsolidated entities ⁽²⁾	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	-
Other expenses	-	-	-	10,262	46,926
Held for sale hospital operating expenses	1,653	215	-	-	-
Additional other income	(3,774)	-	-	-	(5,813)
Nonrecurring income tax benefits	-	-	-	(17,426)	(5,430)
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
Funds From Operations - NAREIT Payout Ratio:					
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%
Funds From Operations - Normalized Payout Ratio:					
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) Represents noncontrolling interests' share of depreciation and amortization.

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

FFO TRAILING TWELVE MONTH (TTM)



(in thousands, except per share information)

	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Funds From Operations:																						
Net income (loss) attributable to common stockholders	\$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	\$334,910
Depreciation and amortization	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	218,061
Losses/impairments (gains) on properties, net	(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)	(152,645)
Noncontrolling interests ⁽¹⁾	(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)	(15,695)
Unconsolidated entities ⁽²⁾	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	17,240
Funds from operations - NAREIT	149,553	150,376	154,398	163,857	157,931	170,725	205,047	170,878	230,666	258,263	265,077	288,803	284,245	316,512	284,516	344,250	340,588	392,295	332,509	391,264	416,974	401,871
Normalizing items:																						
Transaction costs	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	19,842
Loss (gain) on derivatives, net	-	-	-	555	(2,676)	409	(113)	2,309	(2,716)	4,872	6	-	351	49	(1,895)	(58,427)	-	-	-	-	-	(2,516)
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	168	132	1,463	-	-	27,008	-	-	-	-	2,110	-	-	-	-	-	-	-	-	-	-	-
Special stock compensation grants/payments	-	-	-	4,316	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CEO transition costs	-	-	-	-	-	-	-	-	-	-	-	-	19,688	-	-	-	-	-	-	-	-	-
Other expenses	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	-	-	-	-	-	-	-	(11)	(1,847)	(127)	105	4,502	488	566	1,334	1,151	(312)	(2,485)	1,518	921	1,575
Funds from operations - normalized	\$159,949	\$157,459	\$168,912	\$174,522	\$190,764	\$206,621	\$222,442	\$238,859	\$256,075	\$280,811	\$286,226	\$289,712	\$316,357	\$326,131	\$337,662	\$349,663	\$383,700	\$396,470	\$402,355	\$400,966	\$414,435	\$420,772
Average common shares outstanding:																						
Basic	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	358,932
Diluted	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	361,237
Net income (loss) attributable to common stockholders per share:																						
Basic	\$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	\$0.93
Diluted	\$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	\$0.93
Funds from operations - NAREIT per share:																						
Basic	\$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	\$1.12
Diluted	\$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	\$1.11
Funds from operations - normalized per share:																						
Basic	\$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	\$1.17
Diluted	\$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	\$1.16
Rolling four quarter total of normalized FFO per diluted share																						
			\$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	\$4.57

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

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

(dollars per fully diluted share)

	Year Ended December 31, 2016		
	Low	Mid-point	High
Net income attributable to common stockholders	\$3.74	\$3.77	\$3.80
Losses/impairments (gains) on sales, net ^(1,2)	(1.85)	(1.85)	(1.85)
Depreciation and amortization ⁽¹⁾	2.42	2.42	2.42
Funds from operations - NAREIT	4.31	4.34	4.37
Normalizing items, net ⁽³⁾	0.19	0.19	0.19
Funds from operations - normalized	\$4.50	\$4.53	\$4.56

(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 November 2, 2016.

FAD QUARTERLY RECONCILIATIONS

(in thousands, except per share information)

	Three Months Ended				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Funds Available for Distribution:					
Net income (loss) attributable to common stockholders	\$182,043	\$132,931	\$148,969	\$195,474	\$334,910
Depreciation and amortization	205,799	222,809	228,696	226,569	218,061
Losses/impairments (gains) on properties, net	(2,046)	(31,385)	14,314	(1,530)	(152,645)
Noncontrolling interests ⁽¹⁾	(11,515)	(8,974)	(15,551)	(18,639)	(13,396)
Unconsolidated entities ⁽²⁾	16,769	14,823	16,232	15,740	16,692
Gross straight-line rental income	(32,164)	(31,002)	(30,247)	(27,537)	(27,538)
Amortization related to above (below) market leases, net	1,992	1,155	230	101	31
Non-cash interest expense	3,791	2,878	(599)	1,519	543
Cap ex, tenant improvements, lease commissions	(18,865)	(19,993)	(12,265)	(16,089)	(19,701)
Funds available for distribution	345,804	283,242	349,779	375,608	356,957
Normalizing items:					
Transaction costs	9,333	40,547	8,208	5,157	19,842
Loss (gain) on derivatives, net	-	-	-	-	(2,516)
Loss (gain) on extinguishment of debt, net	584	(195)	(24)	33	-
Nonrecurring income tax benefits	(5,430)	-	-	-	-
Other expenses	-	35,648	-	3,161	-
Additional other income	-	(3,669)	-	(11,811)	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	(312)	(2,485)	1,518	921	1,575
Funds available for distribution - normalized	\$349,979	\$353,088	\$359,481	\$373,069	\$375,858
Average common shares outstanding:					
Basic	351,765	353,604	355,076	356,646	358,932
Diluted	353,107	354,972	356,051	358,891	361,237
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.52	\$0.38	\$0.42	\$0.55	\$0.93
Diluted	\$0.52	\$0.37	\$0.42	\$0.54	\$0.93
Funds available for distribution per share:					
Basic	\$0.98	\$0.80	\$0.99	\$1.05	\$0.99
Diluted	\$0.98	\$0.80	\$0.98	\$1.05	\$0.99
Funds available for distribution - normalized per share:					
Basic	\$0.99	\$1.00	\$1.01	\$1.05	\$1.05
Diluted	\$0.99	\$0.99	\$1.01	\$1.04	\$1.04
Funds Available for Distribution Payout Ratio:					
Dividends per common share	\$0.825	\$0.825	\$0.86	\$0.86	\$0.86
Diluted funds available for distribution per share	\$0.98	\$0.80	\$0.98	\$1.05	\$0.99
FAD payout ratio	84%	103%	88%	82%	87%
Funds Available for Distribution - Normalized Payout Ratio:					
Dividends per common share	\$0.825	\$0.825	\$0.86	\$0.86	\$0.86
Diluted funds available for distribution - normalized per share	\$0.99	\$0.99	\$1.01	\$1.04	\$1.04
FAD - normalized payout ratio	83%	83%	85%	83%	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)

	Nine Months Ended	
	September 30, 2015	September 30, 2016
Funds Available for Distribution:		
Net income (loss) attributable to common stockholders	\$685,413	\$679,353
Depreciation and amortization	603,431	673,326
Losses/impairments (gains) on properties, net	(246,782)	(139,862)
Noncontrolling interests ⁽¹⁾	(27,301)	(47,589)
Unconsolidated entities ⁽²⁾	59,513	48,664
Gross straight-line rental income	(91,890)	(85,322)
Amortization related to above (below) market leases, net	2,863	362
Non-cash interest expense	(291)	1,465
Cap ex, tenant improvements, lease commissions	(44,465)	(48,055)
Funds available for distribution	940,491	1,082,342
Normalizing items:		
Transaction costs	70,379	33,207
Loss (gain) on derivatives, net	(58,427)	(2,516)
Loss (gain) on extinguishment of debt, net	34,872	9
Nonrecurring income tax benefits	(5,430)	-
Other expenses	11,278	3,161
Additional other income	(2,144)	(11,811)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	2,173	4,014
Funds available for distribution - normalized	<u>\$993,192</u>	<u>\$1,108,406</u>
Average common shares outstanding:		
Basic	346,425	356,911
Diluted	347,547	358,752
Net income (loss) attributable to common stockholders per share:		
Basic	\$1.98	\$1.90
Diluted	\$1.97	\$1.89
Funds available for distribution per share:		
Basic	\$2.71	\$3.03
Diluted	\$2.71	\$3.02
Funds available for distribution - normalized per share:		
Basic	\$2.87	\$3.11
Diluted	\$2.86	\$3.09
Funds Available for Distribution Payout Ratio:		
Dividends per common share	\$2.475	\$2.58
Diluted funds available for distribution per share	\$2.71	\$3.02
FAD payout ratio	<u>91%</u>	<u>85%</u>
Funds Available for Distribution - Normalized Payout Ratio:		
Dividends per common share	\$2.475	\$2.58
Diluted funds available for distribution - normalized per share	\$2.86	\$3.09
FAD - normalized payout ratio	<u>87%</u>	<u>83%</u>

(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
Funds Available for Distribution:					
Net income (loss) attributable to common stockholders	\$157,108	\$221,884	\$78,714	\$446,745	\$818,344
Depreciation and amortization	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 ⁽¹⁾	(16,325)	(17,871)	(32,031)	(32,978)	(36,275)
Unconsolidated entities ⁽²⁾	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	<u>\$523,963</u>	<u>\$703,334</u>	<u>\$936,509</u>	<u>\$1,124,838</u>	<u>\$1,346,278</u>
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 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
Funds Available for Distribution Payout Ratio:					
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	<u>107%</u>	<u>110%</u>	<u>107%</u>	<u>95%</u>	<u>94%</u>
Funds Available for Distribution - Normalized Payout Ratio:					
Dividends per common share	\$2.835	\$2.96	\$3.06	\$3.18	\$3.30
Diluted funds available for distribution - normalized per share	\$3.00	\$3.11	\$3.36	\$3.66	\$3.85
FAD - normalized payout ratio	<u>95%</u>	<u>95%</u>	<u>91%</u>	<u>87%</u>	<u>86%</u>

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

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

(dollars per fully diluted share)

Year Ended December 31, 2016

	Low	Mid-point	High
Net income attributable to common stockholders	\$3.74	\$3.77	\$3.80
Losses/impairments (gains) on sale of properties, net ^(1,2)	(1.85)	(1.85)	(1.85)
Depreciation and amortization ⁽¹⁾	2.42	2.42	2.42
FAD-only adjustments ^(1,3)	(0.51)	(0.51)	(0.51)
Funds available for distribution	3.80	3.83	3.86
Normalizing items, net ⁽⁴⁾	0.19	0.19	0.19
Funds available for distribution - normalized	\$3.99	\$4.02	\$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 November 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				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Revenues:					
Seniors housing triple-net					
Rental income	\$149,271	\$152,690	\$153,929	\$155,700	\$153,923
Interest income	9,384	10,003	9,345	9,367	9,098
Other income	198	284	465	191	367
Total revenues	158,853	162,977	163,739	165,258	163,388
Long-term/post-acute care					
Rental income	124,723	126,070	128,691	130,059	130,758
Interest income	10,071	11,761	13,508	12,603	13,919
Other income	771	763	1,024	1,014	1,256
Total revenues	135,565	138,594	143,223	143,676	145,933
Seniors housing operating					
Resident fees and service	545,452	579,530	589,835	598,621	613,252
Interest income	1,054	1,054	1,031	1,042	1,054
Other income	753	1,038	2,169	8,902	695
Total revenues	547,259	581,622	593,035	608,565	615,001
Outpatient medical⁽¹⁾					
Rental income	124,060	123,200	123,625	127,076	126,595
Interest income	1,872	1,372	1,304	994	1,009
Other income	308	4,020	313	-	254
Total revenues	126,240	128,592	125,242	128,070	127,858
Hospital, Life science, and Corporate⁽¹⁾					
Rental income	2,790	2,790	-	-	-
Other income	22	1,008	58	4,607	189
Total revenues	2,812	3,798	58	4,607	189
Total					
Rental income	400,844	404,750	406,245	412,835	411,276
Resident fees and service	545,452	579,530	589,835	598,621	613,252
Interest income	22,381	24,190	25,188	24,006	25,080
Other income	2,052	7,113	4,029	14,714	2,761
Total revenues	970,729	1,015,583	1,025,297	1,050,176	1,052,369
Property operating expenses:					
Seniors housing operating	365,966	393,889	398,636	404,435	418,130
Outpatient medical	38,074	36,347	38,045	38,191	38,731
Total property operating expenses	404,040	430,236	436,681	442,626	456,861
Net operating income:					
Seniors housing triple-net	158,853	162,977	163,739	165,258	163,388
Long-term/post-acute care	135,565	138,594	143,223	143,676	145,933
Seniors housing operating	181,293	187,733	194,399	204,130	196,871
Outpatient medical	88,166	92,245	87,197	89,879	89,127
Hospital, Life science, and Corporate	2,812	3,798	58	4,607	189
Net operating income	\$566,689	\$585,347	\$588,616	\$607,550	\$595,508
Consolidated total revenues	\$978,997	\$1,029,484	\$1,047,050	\$1,076,657	\$1,079,133
Consolidated operating expenses	408,703	438,738	449,636	458,832	473,680
Consolidated net operating income	570,294	590,746	597,414	617,825	605,453
Pro rata adjustments ⁽²⁾	(3,605)	(5,399)	(8,798)	(10,275)	(9,945)
Pro rata net operating income (NOI)	\$566,689	\$585,347	\$588,616	\$607,550	\$595,508

(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)

	Nine Months Ended	
	September 30, 2015	September 30, 2016
Revenues		
Seniors housing triple-net		
Rental income	\$432,560	\$463,552
Interest income	25,926	27,810
Other income	1,183	1,023
Total revenues	459,669	492,385
Long-term/post-acute care		
Rental income	367,618	389,508
Interest income	26,417	40,030
Other income	4,568	3,294
Total revenues	398,603	432,832
Seniors housing operating		
Resident fees and services	1,588,430	1,801,708
Interest income	3,127	3,127
Other income	4,967	11,766
Total revenues	1,596,524	1,816,601
Outpatient medical		
Rental income	343,159	377,296
Interest income	4,482	3,307
Other income	663	567
Total revenues	348,304	381,170
Hospital, Life science, and Corporate		
Rental income	44,931	-
Other income	154	4,854
Total revenues	45,085	4,854
Total		
Rental income	1,188,268	1,230,356
Resident fees and services	1,588,430	1,801,708
Interest income	59,951	74,274
Other income	11,536	21,504
Total revenues	2,848,185	3,127,842
Property operating expenses:		
Seniors housing operating	1,072,069	1,221,201
Outpatient medical	111,606	114,967
Hospital, Life science, and Corporate	7,844	-
Total property operating expenses	1,191,519	1,336,168
Net operating income:		
Seniors housing triple-net	459,669	492,385
Long-term/post-acute care	398,603	432,832
Seniors housing operating	524,455	595,400
Outpatient medical	236,698	266,203
Hospital, Life science, and Corporate	37,241	4,854
Net operating income	\$1,656,666	\$1,791,674
Consolidated total revenues	\$2,830,342	\$3,202,838
Consolidated operating expenses	1,183,519	1,382,148
Consolidated net operating income	1,646,823	1,820,690
Pro rata adjustments ⁽¹⁾	9,843	(29,016)
Pro rata net operating income (NOI)	\$1,656,666	\$1,791,674

(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
Revenues:					
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
Total revenues	334,275	390,611	448,357	538,799	622,646
Long-term/post-acute care ⁽¹⁾					
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
Total revenues	368,620	428,012	405,871	452,645	537,197
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
Total revenues	408,386	698,904	1,660,740	1,925,227	2,178,146
Outpatient medical ⁽¹⁾					
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
Total revenues	240,090	326,693	373,242	412,474	494,140
Hospital, Life science, and Corporate ⁽¹⁾					
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
Total revenues	79,413	89,945	91,109	73,648	31,639
Total					
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
Total revenues	1,430,784	1,934,165	2,979,319	3,402,793	3,863,768
Property operating expenses:					
Long-term/post-acute care	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
Total property operating expenses	364,330	580,533	1,253,977	1,430,585	1,621,755
Net operating income:					
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
Net operating income	\$1,066,454	\$1,353,632	\$1,725,342	\$1,972,208	\$2,242,013
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 ⁽²⁾	13,029	24,681	36,565	32,020	4,444
Pro rata net operating income (NOI)	\$1,066,454	\$1,353,632	\$1,725,342	\$1,972,208	\$2,242,013

(1) 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.

(2) 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				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Seniors housing triple-net					
NOI ⁽¹⁾	\$ 158,853	\$ 162,977	\$ 163,739	\$ 165,258	\$ 163,388
Non-cash NOI on same store properties	(4,427)	(5,700)	(5,117)	(4,885)	(4,472)
NOI attributable to non-same store properties	(35,156)	(37,109)	(38,478)	(39,671)	(38,729)
Currency and ownership adjustments ⁽²⁾	(501)	(206)	573	509	1,624
SSNOI	118,769	119,962	120,717	121,211	121,811
Long-term/post-acute care					
NOI ⁽¹⁾	135,565	138,594	143,223	143,676	145,933
Non-cash NOI on same store properties	(17,312)	(17,196)	(17,383)	(15,172)	(15,138)
NOI attributable to non-same store properties	(23,312)	(26,407)	(30,439)	(30,567)	(32,623)
Currency and ownership adjustments ⁽²⁾	(49)	(17)	24	(75)	(56)
SSNOI	94,892	94,974	95,425	97,862	98,116
Seniors housing operating					
NOI ⁽¹⁾	181,293	187,733	194,399	204,130	196,871
Non-cash NOI on same store properties	180	177	445	111	1,167
NOI attributable to non-same store properties	(4,222)	(16,028)	(18,071)	(16,869)	(20,797)
Currency and ownership adjustments ⁽²⁾	(1,673)	(645)	1,408	(513)	1,612
Normalizing adjustment for payroll accruals ⁽³⁾	-	-	-	3,469	-
Normalizing adjustment for workers comp ⁽⁴⁾	-	-	-	(1,682)	-
Normalizing adjustment for technology costs ⁽⁵⁾	797	964	-	761	1,319
Normalizing adjustment for legal fees ⁽⁶⁾	-	1,206	-	-	-
Normalizing adjustment for insurance reimbursements ⁽⁷⁾	-	39	(1,025)	(7,654)	-
Other normalizing adjustments ⁽⁸⁾	-	367	(710)	(89)	-
SSNOI	176,375	173,813	176,446	181,664	180,172
Outpatient medical					
NOI ⁽¹⁾	88,166	92,245	87,197	89,879	89,127
Non-cash NOI on same store properties	(3,533)	(3,586)	(2,972)	(2,921)	(2,868)
NOI attributable to non-same store properties	(4,815)	(7,569)	(3,926)	(4,804)	(4,503)
Currency and ownership adjustments ⁽²⁾	563	209	541	60	656
Other normalizing adjustments ⁽⁸⁾	10	-	-	-	-
SSNOI	80,391	81,299	80,840	82,214	82,412
Hospital, Life Science and Corporate					
NOI ⁽¹⁾	2,812	3,798	58	4,607	189
NOI attributable to non-same store properties	(2,812)	(3,798)	(58)	(4,607)	(189)
SSNOI	-	-	-	-	-
Total					
NOI ⁽¹⁾	566,689	585,347	588,616	607,550	595,508
Non-cash NOI on same store properties	(27,904)	(30,103)	(25,027)	(22,867)	(21,500)
NOI attributable to non-same store properties	(67,505)	(87,113)	(90,972)	(96,518)	(96,652)
Currency and ownership adjustments	(1,660)	(659)	2,546	(19)	3,836
Normalizing adjustments, net	807	2,576	(1,735)	(5,195)	1,319
SSNOI	\$ 470,427	\$ 470,048	\$ 473,428	\$ 482,951	\$ 482,511

(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
Three months ended September 30, 2016:						
Revenues	\$ 163,388	\$ 145,933	\$ 615,001	\$ 127,858	\$ 189	\$ 1,052,369
Property operating expenses	-	-	(418,130)	(38,731)	-	(456,861)
Net operating income⁽¹⁾	\$ 163,388	\$ 145,933	\$ 196,871	\$ 89,127	\$ 189	\$ 595,508
Adjust:						
Interest income	(9,098)	(13,919)	(1,054)	(1,009)	-	(25,080)
Other income	(367)	(1,256)	(695)	(254)	(189)	(2,761)
Sold / held for sale	(17,129)	(10,846)	-	(2,309)	-	(30,284)
Non-cash NOI	(5,149)	(15,464)	1,231	(2,597)	-	(21,979)
Timing adjustments ⁽²⁾	509	-	9,152	104	-	9,765
In-Place NOI	\$ 132,154	\$ 104,448	\$ 205,505	\$ 83,062	\$ -	\$ 525,169
Annualized In-Place NOI	\$ 528,616	\$ 417,792	\$ 822,020	\$ 332,248	\$ -	\$ 2,100,676

(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)

	4Q15	1Q16	2Q16	3Q16	TTM
Total:					
SHO pro rata NOI ⁽¹⁾	\$ 187,733	\$ 194,399	\$ 204,130	\$ 196,871	\$ 783,133
Adjustments ⁽²⁾	(13,920)	(17,953)	(22,466)	(16,699)	(71,038)
Total SSNOI	\$ 173,813	\$ 176,446	\$ 181,664	\$ 180,172	\$ 712,095
Average units in service ⁽³⁾					34,789
SSNOI per unit in USD					<u>\$ 20,469</u>
United States:					
Total SHO SSNOI	\$ 173,813	\$ 176,446	\$ 181,664	\$ 180,172	\$ 712,095
Adjustments ⁽²⁾	(48,473)	(50,953)	(51,268)	(51,805)	(202,499)
Total local SSNOI	\$ 125,340	\$ 125,493	\$ 130,396	\$ 128,367	\$ 509,596
Average units in service ⁽³⁾					21,662
SSNOI per unit in USD					<u>\$ 23,525</u>
United Kingdom:					
Total SHO SSNOI	\$ 173,813	\$ 176,446	\$ 181,664	\$ 180,172	\$ 712,095
Adjustments ⁽²⁾	(153,476)	(154,326)	(159,902)	(158,428)	(626,132)
Total local SSNOI	\$ 20,337	\$ 22,120	\$ 21,762	\$ 21,744	\$ 85,963
Average units in service ⁽³⁾					2,685
SSNOI per unit in USD					<u>\$ 32,016</u>
SSNOI per unit in GBP ⁽⁴⁾					<u>£ 21,415</u>
Canada:					
Total SHO SSNOI	\$ 173,813	\$ 176,446	\$ 181,664	\$ 180,172	\$ 712,095
Adjustments ⁽²⁾	(145,677)	(147,613)	(152,158)	(150,111)	(595,559)
Total local SSNOI	\$ 28,136	\$ 28,833	\$ 29,506	\$ 30,061	\$ 116,536
Average units in service ⁽³⁾					10,442
SSNOI per unit in USD					<u>\$ 11,161</u>
SSNOI per unit in CAD ⁽⁴⁾					<u>\$ 15,061</u>

(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)

	Total Portfolio	United States	United Kingdom	Canada
Three months ended September 30, 2016:				
Consolidated revenues	\$631,787	\$631,787	\$631,787	\$631,787
Unconsolidated revenues attributable to Welltower ⁽¹⁾	40,390	40,390	40,390	40,390
Less revenues attributable to noncontrolling interests ⁽²⁾	(57,176)	(57,176)	(57,176)	(57,176)
Total revenues at Welltower pro rata ownership	\$615,001	\$615,001	\$615,001	\$615,001
Less interest and other income	(1,749)	(1,749)	(1,749)	(1,749)
Adjustment for standardized currency rates ⁽³⁾	5,737	-	9,142	(3,405)
Less revenues not derived in country	-	(167,971)	(547,386)	(511,147)
Total local revenues	\$618,989	\$445,281	\$75,008	\$98,700
Average occupied units/month	36,666	21,555	2,624	12,487
REVPOR/month in USD	\$5,581	\$6,830	\$9,449	\$2,613
REVPOR/month in local currency ⁽³⁾			£6,321	\$3,527

(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)

	4Q14	4Q15	1Q15	1Q16	2Q15	2Q16	3Q15	3Q16	Avg.
Total:									
Consolidated SHO revenues ⁽¹⁾	\$ 488,546	\$ 586,826	\$ 494,561	\$ 605,369	\$ 539,805	\$ 625,251	\$ 547,081	\$ 631,787	
Pro rata adjustments ⁽²⁾	10,457	(5,204)	10,762	(12,334)	4,137	(16,686)	178	(16,786)	
SHO pro rata revenues ⁽³⁾	499,003	581,622	505,323	593,035	543,942	608,565	547,259	615,001	
Adjustments ⁽⁴⁾	(22,222)	(89,844)	(23,726)	(88,286)	(20,996)	(60,111)	(15,162)	(57,459)	
SHO SS revenues ⁽⁵⁾	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	\$ 532,097	\$ 557,542	
Avg. occupied units/month ⁽⁸⁾	27,902	27,893	27,939	28,100	30,871	31,203	31,152	31,381	
SHO SS REVPOR ⁽⁹⁾	\$ 5,649	\$ 5,829	\$ 5,762	\$ 6,004	\$ 5,662	\$ 5,875	\$ 5,647	\$ 5,874	
SS REVPOR growth		3.2%		4.2%		3.8%		4.0%	3.8%
United States:									
SHO SS revenues ⁽⁵⁾	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	\$ 532,097	\$ 557,542	
Less non-US SS revenues ⁽⁶⁾	(122,994)	(127,252)	(122,088)	(128,295)	(139,144)	(147,992)	(136,214)	(145,231)	
US SHO revenues ⁽⁷⁾	\$ 353,787	\$ 364,526	\$ 359,509	\$ 376,454	\$ 383,802	\$ 400,462	\$ 395,883	\$ 412,311	
Avg. occupied units/month ⁽⁸⁾	18,039	17,977	18,024	18,027	19,088	19,113	19,468	19,399	
US SHO SS REVPOR ⁽⁹⁾	\$ 6,484	\$ 6,704	\$ 6,667	\$ 6,980	\$ 6,720	\$ 7,003	\$ 6,723	\$ 7,027	
US SS REVPOR growth		3.4%		4.7%		4.2%		4.5%	4.2%
United Kingdom:									
SHO SS revenues ⁽⁵⁾	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	\$ 532,097	\$ 557,542	
Less non-UK SS revenues ⁽⁶⁾	(415,151)	(427,643)	(415,574)	(435,225)	(456,676)	(477,986)	(470,241)	(490,896)	
UK SHO revenues ⁽⁷⁾	\$ 61,630	\$ 64,135	\$ 66,023	\$ 69,524	\$ 66,270	\$ 70,468	\$ 61,856	\$ 66,646	
Avg. occupied units/month ⁽⁸⁾	2,219	2,244	2,437	2,477	2,447	2,507	2,243	2,334	
UK SHO SS REVPOR ⁽⁹⁾	\$ 9,184	\$ 9,450	\$ 9,057	\$ 9,383	\$ 9,051	\$ 9,396	\$ 9,117	\$ 9,440	
UK SS REVPOR growth		2.9%		3.6%		3.8%		3.5%	3.5%
Canada:									
SHO SS revenues ⁽⁵⁾	\$ 476,781	\$ 491,778	\$ 481,597	\$ 504,749	\$ 522,946	\$ 548,454	\$ 532,097	\$ 557,542	
Less non-CA SS revenues ⁽⁶⁾	(415,417)	(428,661)	(425,532)	(445,978)	(450,072)	(470,930)	(457,739)	(478,957)	
CA SHO revenues ⁽⁷⁾	\$ 61,364	\$ 63,117	\$ 56,065	\$ 58,771	\$ 72,874	\$ 77,524	\$ 74,358	\$ 78,585	
Avg. occupied units/month ⁽⁸⁾	7,644	7,672	7,478	7,596	9,336	9,583	9,441	9,648	
CA SHO SS REVPOR ⁽⁹⁾	\$ 2,654	\$ 2,720	\$ 2,506	\$ 2,586	\$ 2,609	\$ 2,704	\$ 2,604	\$ 2,693	
CA SS REVPOR growth		2.5%		3.2%		3.6%		3.4%	3.2%

(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)

	4Q14	4Q15	1Q15	1Q16	2Q15	2Q16	3Q15	3Q16	Avg.
Total:									
SHO pro rata NOI ⁽¹⁾	\$ 166,606	\$ 187,733	\$ 161,253	\$ 194,399	\$ 181,910	\$ 204,130	\$ 181,293	\$ 196,871	
Adjustments ⁽²⁾	(12,195)	(28,194)	(7,557)	(32,193)	(8,889)	(24,209)	(4,918)	(16,699)	
SHO pro rata SSNOI ⁽³⁾	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	\$ 176,375	\$ 180,172	
SHO SSNOI growth		3.3%		5.5%		4.0%		2.2%	3.8%
United States:									
SHO pro rata SSNOI ⁽³⁾	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	\$ 176,375	\$ 180,172	
Less non-US SSNOI ⁽⁴⁾	(44,768)	(45,217)	(43,568)	(46,458)	(49,682)	(52,244)	(50,418)	(51,805)	
US SHO SSNOI ⁽⁵⁾	\$ 109,643	\$ 114,322	\$ 110,128	\$ 115,748	\$ 123,339	\$ 127,677	\$ 125,957	\$ 128,367	
US SHO SSNOI growth		4.3%		5.1%		3.5%		1.9%	3.7%
United Kingdom:									
SHO pro rata SSNOI ⁽³⁾	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	\$ 176,375	\$ 180,172	
Less non-UK SSNOI ⁽⁴⁾	(132,550)	(138,282)	(131,390)	(138,548)	(150,882)	(157,185)	(154,923)	(158,428)	
UK SHO SSNOI ⁽⁵⁾	\$ 21,861	\$ 21,257	\$ 22,306	\$ 23,658	\$ 22,139	\$ 22,736	\$ 21,452	\$ 21,744	
UK SHO SSNOI growth		-2.8%		6.1%		2.7%		1.4%	1.9%
Canada:									
SHO pro rata SSNOI ⁽³⁾	\$ 154,411	\$ 159,539	\$ 153,696	\$ 162,206	\$ 173,021	\$ 179,921	\$ 176,375	\$ 180,172	
Less non-CA SSNOI ⁽⁴⁾	(131,504)	(135,579)	(132,434)	(139,406)	(145,478)	(150,413)	(147,409)	(150,111)	
CA SHO SSNOI ⁽⁵⁾	\$ 22,907	\$ 23,960	\$ 21,262	\$ 22,800	\$ 27,543	\$ 29,508	\$ 28,966	\$ 30,061	
CA SHO SSNOI growth		4.6%		7.2%		7.1%		3.8%	5.7%

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 13 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				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Net income	\$199,257	\$149,416	\$165,474	\$210,749	\$354,741
Interest expense	121,130	131,097	132,960	132,326	129,699
Income tax expense (benefit)	(3,344)	2,682	(1,725)	(513)	(305)
Depreciation and amortization	205,799	222,809	228,696	226,569	218,061
EBITDA	\$522,842	\$506,004	\$525,405	\$569,131	\$702,196
Transaction costs ⁽¹⁾	9,333	40,547	8,208	5,157	19,842
Stock-based compensation ⁽¹⁾	5,477	5,189	8,186	7,031	5,401
Loss (gain) on extinguishment of debt, net ⁽¹⁾	584	(195)	(24)	33	-
Loss/impairment (gain) on properties, net ⁽¹⁾	(2,046)	(31,385)	14,314	(1,530)	(152,646)
Loss / (gain) on derivatives, net ⁽¹⁾	-	-	-	-	(2,516)
Other expenses ⁽¹⁾	-	35,648	-	1,738	-
Additional other income ⁽¹⁾	-	-	-	(11,811)	-
Total adjustments	13,348	49,804	30,684	618	(129,919)
Adjusted EBITDA	\$536,190	\$555,808	\$556,089	\$569,749	\$572,277
Interest Coverage Ratios:					
Interest expense	\$121,130	\$131,097	\$132,960	\$132,326	\$129,699
Capitalized interest	1,865	2,358	3,037	4,306	4,766
Non-cash interest expense	(3,791)	(2,878)	599	(1,519)	(543)
Total interest	\$119,204	\$130,577	\$136,596	\$135,113	\$133,922
EBITDA	\$522,842	\$506,004	\$525,405	\$569,131	\$702,196
Interest coverage ratio	4.39x	3.88x	3.85x	4.21x	5.24x
Adjusted EBITDA	\$536,190	\$555,808	\$556,089	\$569,749	\$572,277
Adjusted interest coverage ratio	4.50x	4.26x	4.07x	4.22x	4.27x
Fixed Charge Coverage Ratios:					
Total interest	\$119,204	\$130,577	\$136,596	\$135,113	\$133,922
Secured debt principal amortization	15,817	18,281	18,642	19,096	18,151
Preferred dividends	16,352	16,352	16,352	16,352	16,352
Total fixed charges	\$151,373	\$165,210	\$171,590	\$170,561	\$168,425
EBITDA	\$522,842	\$506,004	\$525,405	\$569,131	\$702,196
Fixed charge coverage ratio	3.45x	3.06x	3.06x	3.34x	4.17x
Adjusted EBITDA	\$536,190	\$555,808	\$556,089	\$569,749	\$572,277
Adjusted fixed charge coverage ratio	3.54x	3.36x	3.24x	3.34x	3.40x
Net Debt to Adjusted EBITDA Ratios:					
Total debt	\$11,467,775	\$12,967,686	\$13,063,198	\$12,973,725	\$13,430,888
Less: cash and cash equivalents ⁽²⁾	(292,043)	(484,754)	(355,949)	(466,585)	(456,420)
Net debt	\$11,175,732	\$12,482,932	\$12,707,249	\$12,507,140	\$12,974,468
EBITDA Annualized	2,091,368	2,024,016	2,101,620	2,276,524	2,808,784
Net debt to EBITDA ratio	5.34x	6.17x	6.05x	5.49x	4.62x
Adjusted EBITDA Annualized	\$2,144,760	\$2,223,232	\$2,224,356	\$2,278,996	\$2,289,108
Net debt to adjusted EBITDA ratio	5.21x	5.61x	5.71x	5.49x	5.67x

(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)

	Nine Months Ended	
	September 30, 2015	September 30, 2016
Net income	\$739,134	\$730,961
Interest expense	361,071	394,985
Income tax expense (benefit)	3,769	(2,543)
Depreciation and amortization	603,431	673,326
EBITDA	\$1,707,405	\$1,796,729
Transaction costs ⁽¹⁾	70,379	33,207
Stock-based compensation ⁽¹⁾	25,655	20,616
Loss (gain) on extinguishment of debt, net ⁽¹⁾	34,872	9
Loss/impairment (gain) on properties, net ⁽¹⁾	(246,782)	(139,862)
Loss / (gain) on derivatives, net ⁽¹⁾	(58,427)	(2,516)
Other expenses ⁽¹⁾	4,988	3,161
Additional other income ⁽¹⁾	(2,144)	(11,811)
Total adjustments	(171,459)	(97,196)
Adjusted EBITDA	\$1,535,946	\$1,699,533
Interest Coverage Ratios:		
Interest expense	\$361,071	\$394,985
Capitalized interest	6,311	12,109
Non-cash interest expense	291	(1,465)
Total interest	367,673	405,629
EBITDA	\$1,707,405	\$1,796,729
Interest coverage ratio	4.64x	4.43x
Adjusted EBITDA	\$1,535,946	\$1,699,533
Adjusted interest coverage ratio	4.18x	4.19x
Fixed Charge Coverage Ratios:		
Total interest	\$367,673	\$405,629
Secured debt principal amortization	48,783	55,889
Preferred dividends	49,055	49,055
Total fixed charges	465,511	510,573
EBITDA	\$1,707,405	\$1,796,729
Fixed charge coverage ratio	3.67x	3.52x
Adjusted EBITDA	\$1,535,946	\$1,699,533
Adjusted fixed charge coverage ratio	3.30x	3.33x

(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
EBITDA	\$959,708	\$1,219,337	\$1,482,337	\$1,836,360	\$2,213,409
Transaction costs ⁽¹⁾	70,224	61,609	133,401	69,538	110,926
Stock-based compensation ⁽¹⁾	10,786	18,521	20,177	32,075	30,844
Provision for loan losses ⁽¹⁾	2,010	27,008	2,110	-	-
Loss (gain) on extinguishment of debt, net ⁽¹⁾	(979)	(775)	(909)	9,558	34,677
Loss/impairment (gain) on properties, net ⁽¹⁾	(48,966)	(71,262)	(49,138)	(153,522)	(278,167)
Loss / (gain) on derivatives, net ⁽¹⁾	-	(1,825)	4,470	(1,495)	(58,427)
CEO transition costs ⁽¹⁾	-	-	-	10,465	-
Other expenses ⁽¹⁾	-	-	-	10,262	40,636
Additional other income ⁽¹⁾	-	-	-	-	(2,144)
Total adjustments	33,075	33,276	110,111	(23,119)	(121,655)
Adjusted EBITDA	\$992,783	\$1,252,613	\$1,592,448	\$1,813,241	\$2,091,754
Interest Coverage Ratios:					
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
Fixed Charge Coverage Ratios:					
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
Net Debt to Adjusted EBITDA Ratios:					
Total debt	\$7,240,752	\$8,531,899	\$10,652,014	\$10,828,013	\$12,967,686
Less: cash and cash equivalents ⁽²⁾	(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				
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
Net income	\$945,612	\$888,549	\$844,606	\$724,894	\$880,380
Interest expense	481,778	492,169	504,048	517,512	526,082
Income tax expense (benefit)	8,870	6,451	5,030	(2,899)	139
Depreciation and amortization	798,823	826,240	866,106	883,873	896,135
EBITDA	\$2,235,083	\$2,213,409	\$2,219,790	\$2,123,380	\$2,302,736
Transaction costs ⁽¹⁾	118,369	110,926	70,579	63,245	73,754
Stock-based compensation ⁽¹⁾	31,622	30,844	29,976	25,883	25,807
Loss (gain) on extinguishment of debt, net ⁽¹⁾	41,356	34,677	19,252	398	(186)
Loss/impairment (gain) on properties, net ⁽¹⁾	(357,621)	(278,167)	(209,228)	(20,647)	(171,247)
Loss / (gain) on derivatives, net ⁽¹⁾	(60,322)	(58,427)	-	-	(2,516)
Other expenses ⁽¹⁾	4,988	40,636	40,636	37,386	37,386
Additional other income ⁽¹⁾	(2,144)	(2,144)	(2,144)	(13,955)	(11,811)
Total adjustments	(223,796)	(117,908)	(50,929)	92,310	(48,813)
Adjusted EBITDA	\$2,011,287	\$2,095,501	\$2,168,861	\$2,215,690	\$2,253,923
Interest Coverage Ratios:					
Interest expense	\$481,778	\$492,169	\$504,048	\$517,512	\$526,082
Capitalized interest	8,378	8,670	9,320	11,566	14,467
Non-cash interest expense	392	(2,586)	(1,868)	(7,589)	(4,341)
Total interest	490,548	498,253	511,500	521,489	536,208
EBITDA	\$2,235,083	\$2,213,409	\$2,219,790	\$2,123,380	\$2,302,736
Interest coverage ratio	4.56x	4.44x	4.34x	4.07x	4.29x
Adjusted EBITDA	\$2,011,287	\$2,095,501	\$2,168,861	\$2,215,690	\$2,253,923
Adjusted interest coverage ratio	4.10x	4.21x	4.24x	4.25x	4.20x
Fixed Charge Coverage Ratios:					
Total interest	\$490,548	\$498,253	\$511,500	\$521,489	\$536,208
Secured debt principal amortization	65,256	67,064	70,076	71,836	74,170
Preferred dividends	65,408	65,406	65,408	65,408	65,407
Total fixed charges	621,212	630,723	646,984	658,733	675,785
EBITDA	\$2,235,083	\$2,213,409	\$2,219,790	\$2,123,380	\$2,302,736
Fixed charge coverage ratio	3.60x	3.51x	3.43x	3.22x	3.41x
Adjusted EBITDA	\$2,011,287	\$2,095,501	\$2,168,861	\$2,215,690	\$2,253,923
Adjusted fixed charge coverage ratio	3.24x	3.32x	3.35x	3.36x	3.34x

(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.