



# NON-GAAP FINANCIAL MEASURES

*QUARTER ENDED JUNE 30, 2017*

**welltower**

# NON-GAAP FINANCIAL MEASURES

Welltower Inc. (HCN) believes that revenues, net income and net income attributable to common stockholders (NICS), as defined by U.S. generally accepted accounting principles (U.S. GAAP), are the most appropriate earnings measurements. 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), Funds From Operations attributable to common stockholders (FFO), 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.

# FFO

Historical cost accounting for real estate assets in accordance with U.S. GAAP implicitly assumes that the value of real estate assets diminishes predictably over time as evidenced by the provision for depreciation. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts (NAREIT) created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO attributable to common stockholders, 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 attributable to common stockholders represents FFO 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 attributable to common stockholders is a useful supplemental measure of operating performance because investors and equity analysts may use this measure to compare the operating performance of the company 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, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Net income (loss) attributable to common stockholders	\$195,474	\$334,910	\$333,042	\$312,639	\$188,429
Depreciation and amortization	226,569	218,061	227,916	228,276	224,847
Losses/impairments (gains) on properties, net	(1,530)	(152,645)	(186,978)	(233,061)	(28,524)
Noncontrolling interests <sup>(1)</sup>	(20,616)	(15,695)	(17,897)	(18,107)	(16,955)
Unconsolidated entities <sup>(2)</sup>	17,077	17,240	16,746	16,484	16,593
NAREIT FFO attributable to common stockholders	416,974	401,871	372,829	306,231	384,390
Normalizing items:					
Transaction costs	5,157	19,842	9,704	-	-
Loss (gain) on derivatives, net	-	(2,516)	68	1,224	736
Loss (gain) on extinguishment of debt, net	33	-	17,204	31,356	5,515
Provision for loan losses	-	-	10,215	-	-
Preferred stock redemption charge	-	-	-	9,769	-
Nonrecurring income tax benefits	-	-	(15,675)	-	(7,916)
Other expenses	3,161	-	8,838	11,675	6,339
Additional other income	(11,811)	-	(4,853)	-	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	921	1,575	3,214	22,939	1,911
Normalized FFO attributable to common stockholders	\$414,435	\$420,772	\$401,544	\$383,194	\$390,975
Average common shares outstanding:					
Basic	356,646	358,932	362,088	362,534	366,524
Diluted	358,891	361,237	364,369	364,652	368,149
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.55	\$0.93	\$0.92	\$0.86	\$0.51
Diluted	\$0.54	\$0.93	\$0.91	\$0.86	\$0.51
NAREIT FFO attributable to common stockholders per share:					
Basic	\$1.17	\$1.12	\$1.03	\$0.84	\$1.05
Diluted	\$1.16	\$1.11	\$1.02	\$0.84	\$1.04
Normalized FFO attributable to common stockholders per share:					
Basic	\$1.16	\$1.17	\$1.11	\$1.06	\$1.07
Diluted	\$1.15	\$1.16	\$1.10	\$1.05	\$1.06
<b>NAREIT FFO Payout Ratio:</b>					
Dividends per common share	\$0.86	\$0.86	\$0.86	\$0.87	\$0.87
NAREIT FFO attributable to common stockholders per diluted share	\$1.16	\$1.11	\$1.02	\$0.84	\$1.04
NAREIT FFO Payout Ratio	74%	77%	84%	104%	84%
<b>Normalized FFO Payout Ratio:</b>					
Dividends per common share	\$0.86	\$0.86	\$0.86	\$0.87	\$0.87
Normalized FFO attributable to common stockholders per diluted share	\$1.15	\$1.16	\$1.10	\$1.05	\$1.06
Normalized FFO Payout Ratio	75%	74%	78%	83%	82%
Other Items: <sup>(3)</sup>					
Net straight-line rent and above/below market rent amortization	\$(26,897)	\$(27,021)	\$(22,557)	\$(17,921)	\$(17,058)
Non-cash interest expenses	2,124	1,176	771	2,239	3,612
Recurring cap-ex, tenant improvements, and lease commissions	(16,593)	(19,069)	(19,233)	(13,806)	(15,263)
Stock-based compensation	7,031	5,401	8,251	4,906	4,763

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

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

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

# FFO YEAR-TO-DATE RECONCILIATIONS

(in thousands, except per share information)

	Six Months Ended	
	June 30, 2016	June 30, 2017
Net income (loss) attributable to common stockholders	\$344,444	\$501,068
Depreciation and amortization	455,265	453,124
Losses/impairments (gains) on properties, net	12,784	(261,585)
Noncontrolling interests <sup>(1)</sup>	(37,934)	(35,061)
Unconsolidated entities <sup>(2)</sup>	33,682	33,077
NAREIT FFO attributable to common stockholders	808,241	690,623
Normalizing items:		
Transaction costs	13,365	-
Loss (gain) on derivatives, net	-	1,960
Loss (gain) on extinguishment of debt, net	9	36,870
Preferred stock redemption charge	-	9,769
Nonrecurring income tax benefits	-	(7,916)
Other expenses	3,161	18,014
Additional other income	(11,811)	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	2,439	24,850
Normalized FFO attributable to common stockholders	\$815,404	\$774,170
Average common shares outstanding:		
Basic	355,879	364,551
Diluted	357,489	366,423
Net income (loss) attributable to common stockholders per share:		
Basic	\$0.97	\$1.37
Diluted	\$0.96	\$1.37
NAREIT FFO attributable to common stockholders per share:		
Basic	\$2.27	\$1.89
Diluted	\$2.26	\$1.88
Normalized FFO attributable to common stockholders per share:		
Basic	\$2.29	\$2.12
Diluted	\$2.28	\$2.11
<b>NAREIT FFO Payout Ratio:</b>		
Dividends per common share	\$1.72	\$1.74
NAREIT FFO attributable to common stockholders per diluted share	\$2.26	\$1.88
NAREIT FFO Payout Ratio	76%	93%
<b>Normalized FFO Payout Ratio:</b>		
Dividends per common share	\$1.72	\$1.74
Normalized FFO attributable to common stockholders per diluted share	\$2.28	\$2.11
Normalized FFO Payout Ratio	75%	82%
Other Items: <sup>(3)</sup>		
Net straight-line rent and above/below market rent amortization	(56,520)	(34,980)
Non-cash interest expenses	2,066	5,852
Recurring cap-ex, tenant improvements, and lease commissions	(28,399)	(29,069)
Stock-based compensation	15,217	9,669

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

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

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

# FFO ANNUAL RECONCILIATIONS

(in thousands, except per share information)

	Year Ended				
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Net income (loss) attributable to common stockholders	\$221,884	\$78,714	\$446,745	\$818,344	\$1,012,397
Depreciation and amortization	533,585	873,960	844,130	826,240	901,242
Losses/impairments (gains) on properties, net	(71,262)	(49,138)	(153,522)	(278,167)	(326,840)
Noncontrolling interests <sup>(1)</sup>	(21,058)	(36,304)	(37,852)	(39,271)	(71,527)
Unconsolidated entities <sup>(2)</sup>	34,408	57,652	74,580	82,494	67,667
NAREIT FFO attributable to common stockholders	697,557	924,884	1,174,081	1,409,640	1,582,939
Normalizing items:					
Non-recurring G&A expenses	4,316	-	-	-	-
Transaction costs	61,609	133,401	69,538	110,926	42,910
Loss (gain) on derivatives, net	(1,825)	4,470	(1,495)	(58,427)	(2,448)
Preferred stock redemption charge	6,242	-	-	-	-
Loss (gain) on extinguishment of debt, net	(775)	(909)	9,558	34,677	17,214
Provision for loan losses	27,008	2,110	-	-	10,215
CEO transition costs	-	-	19,688	-	-
Nonrecurring income tax benefits	-	-	(17,426)	(5,430)	(15,675)
Other expenses	-	-	10,262	46,926	11,998
Held for sale hospital operating expenses	215	-	-	-	-
Additional other income	-	-	-	(5,813)	(16,664)
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	-	(1,985)	5,661	(312)	7,228
Normalized FFO attributable to common stockholders	\$794,347	\$1,061,971	\$1,269,867	\$1,532,187	\$1,637,717
Average common shares outstanding:					
Basic	224,343	276,929	306,272	348,240	358,275
Diluted	225,953	278,761	307,747	349,424	360,227
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.99	\$0.28	\$1.46	\$2.35	\$2.83
Diluted	\$0.98	\$0.28	\$1.45	\$2.34	\$2.81
NAREIT FFO attributable to common stockholders per share:					
Basic	\$3.11	\$3.34	\$3.83	\$4.05	\$4.42
Diluted	\$3.09	\$3.32	\$3.82	\$4.03	\$4.39
Normalized FFO attributable to common stockholders per share:					
Basic	\$3.54	\$3.83	\$4.15	\$4.40	\$4.57
Diluted	\$3.52	\$3.81	\$4.13	\$4.38	\$4.55
<b>NAREIT FFO Payout Ratio:</b>					
Dividends per common share	\$2.96	\$3.06	\$3.18	\$3.30	\$3.44
NAREIT FFO attributable to common stockholders per diluted share	\$3.09	\$3.32	\$3.82	\$4.03	\$4.39
NAREIT FFO payout ratio	96%	92%	83%	82%	78%
<b>Normalized FFO Payout Ratio:</b>					
Dividends per common share	\$2.96	\$3.06	\$3.18	\$3.30	\$3.44
Normalized FFO attributable to common stockholders per diluted share	\$3.52	\$3.81	\$4.13	\$4.38	\$4.55
Normalized FFO payout ratio	84%	80%	77%	75%	76%
Other Items: <sup>(3)</sup>					
Net straight-line rent and above/below market rent amortization	\$(57,721)	\$(61,404)	\$(87,327)	\$(119,950)	\$(106,097)
Non-cash interest expenses	9,439	1,923	3,601	4,654	4,013
Recurring cap-ex, tenant improvements, and lease commissions	(42,731)	(65,981)	(61,303)	(70,613)	(66,701)
Stock-based compensation	18,521	20,177	32,075	30,844	28,869

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

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

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

# FFO TRAILING TWELVE MONTH (TTM)

(in thousands, except per share information)

	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Net income (loss) attributable to common stockholders	\$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	\$333,042	\$312,639	\$188,429
Depreciation and amortization	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	227,916	228,276	224,847
Losses/impairments (gains) on properties, net	(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)	(186,978)	(233,061)	(28,524)
Noncontrolling interests <sup>(1)</sup>	(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)	(17,897)	(18,107)	(16,955)
Unconsolidated entities <sup>(2)</sup>	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	16,746	16,484	16,593
NAREIT FFO attributable to common stockholders	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	372,829	306,231	384,390
Normalizing items:																					
Transaction costs	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	9,704	-	-
Loss (gain) on derivatives, net	(2,676)	409	(113)	2,309	(2,716)	4,872	6	-	351	49	(1,895)	(58,427)	-	-	-	-	-	(2,516)	68	1,224	736
Loss (gain) on extinguishment of debt, net	576	215	(1,566)	(308)	-	(4,068)	3,467	(148)	531	2,692	6,484	15,401	18,887	584	(195)	(24)	33	-	17,204	31,356	5,515
Provision for loan losses	-	27,008	-	-	-	-	2,110	-	-	-	-	-	-	-	-	-	-	-	10,215	-	-
CEO transition costs	-	-	-	-	-	-	-	-	19,688	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	10,262	-	695	10,583	-	35,648	-	3,161	-	8,838	11,675	6,339
Additional other income	-	-	-	-	-	-	-	-	-	-	-	(2,144)	-	-	(3,669)	-	(11,811)	-	(4,853)	-	-
Nonrecurring income tax benefits	-	-	-	-	-	-	-	-	-	(17,426)	-	-	-	(5,430)	-	-	-	-	(15,675)	-	(7,916)
Preferred stock redemption charge	6,242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,769	-
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	3,214	22,939	1,911
Normalized FFO attributable to common stockholders	\$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	\$401,544	\$383,194	\$390,975
Average common shares outstanding:																					
Basic	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	362,088	362,534	366,524
Diluted	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	364,369	364,652	368,149
Net income (loss) attributable to common stockholders per share:																					
Basic	\$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	\$0.92	\$0.86	\$0.51
Diluted	\$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	\$0.91	\$0.86	\$0.51
NAREIT FFO attributable to common stockholders per share:																					
Basic	\$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	\$1.03	\$0.84	\$1.05
Diluted	\$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	\$1.02	\$0.84	\$1.04
Normalized FFO attributable to common stockholders per share:																					
Basic	\$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	\$1.11	\$1.06	\$1.07
Diluted	\$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	\$1.10	\$1.05	\$1.06
Rolling four quarter total of normalized FFO per diluted share				\$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	\$4.54	\$4.46	\$4.37

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

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

# OUTLOOK RECONCILIATIONS

(in millions, except per share data)

	<b>Year Ended December 31, 2017</b>	
	<b>Low</b>	<b>High</b>
Net income attributable to common stockholders	\$853	\$890
Losses/impairments (gains) on properties, net <sup>(1,2)</sup>	(300)	(300)
Depreciation and amortization <sup>(1)</sup>	891	891
NAREIT FFO attributable to common stockholders	1,444	1,481
Normalizing items, net <sup>(3)</sup>	84	84
Normalized FFO attributable to common stockholders	\$1,528	\$1,565
Per share data attributable to common stockholders:		
Net income	\$2.32	\$2.42
NAREIT FFO	3.92	4.02
Normalized FFO	4.15	4.25
<u>Other Items<sup>(1)</sup></u>		
Net straight-line rent and above/below market rent amortization	\$(70)	\$(70)
Non-cash interest expenses	12	12
Recurring cap-ex, tenant improvements, and lease commissions	(71)	(71)
Stock-based compensation	21	21

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

(2) Includes estimated gains on projected dispositions.

(3) See page 4.



# NOI, IPNOI, SSNOI, REVPOR AND SS REVPOR

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 paid to operators, 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.

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

SSNOI is used to evaluate the operating performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. As used herein, same store is generally defined as those revenue-generating properties in the portfolio for the relevant year-over-year 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 that period are excluded from the same store amounts. Normalizers include adjustments that in management's opinion are appropriate in considering SSNOI, a supplemental, non-GAAP performance measure. None of these adjustments, which may increase or decrease SSNOI, are reflected in our financial statements prepared in accordance with U.S. GAAP. Significant normalizers (defined as any that individually exceed 0.50% of SSNOI growth per property type) are separately disclosed and explained in the relevant supplemental reporting package. We believe NOI, IPNOI and SSNOI provide investors relevant and useful information because they measure the operating performance of our properties at the property level on an unleveraged basis. We use NOI, IPNOI and SSNOI to make decisions about resource allocations and to assess the property level performance of our properties.

REVPOR represents the average revenues generated per occupied room per month at our seniors housing operating properties. It is calculated as the pro rata version of resident fees and services revenues per the income statement divided by average monthly occupied room days. SS REVPOR is used to evaluate the REVPOR performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. It is based on the same pool of properties used for SSNOI and includes any revenue normalizations used for SSNOI. We use REVPOR and SS REVPOR to evaluate the revenue-generating capacity and profit potential of our seniors housing operating portfolio independent of fluctuating occupancy rates. They are also used in comparison against industry and competitor statistics, if known, to evaluate the quality of our seniors housing operating portfolio.

# NOI QUARTERLY RECONCILIATIONS

(dollars in thousands)

	Three Months Ended				
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Net income	\$210,749	\$354,741	\$351,108	\$337,610	\$203,441
Loss (gain) on real estate dispositions, net	(1,530)	(162,351)	(200,165)	(244,092)	(42,155)
Loss (income) from unconsolidated entities	1,959	1,749	2,829	23,106	3,978
Income tax expense (benefit)	(513)	(305)	(16,585)	2,245	(8,448)
Other expenses	3,161	-	8,838	11,675	6,339
Impairment of assets	-	9,705	13,187	11,031	13,631
Provision for loan losses	-	-	10,215	-	-
Loss (gain) on extinguishment of debt, net	33	-	17,204	31,356	5,515
Loss (gain) on derivatives, net	-	(2,516)	68	1,224	736
Transaction costs	5,157	19,842	9,704	-	-
General and administrative expenses	39,914	36,828	32,807	31,101	32,632
Depreciation and amortization	226,569	218,061	227,916	228,276	224,847
Interest expense	132,326	129,699	126,360	118,597	116,231
Consolidated net operating income	\$617,825	\$605,453	\$583,486	\$552,129	\$556,747
NOI attributable to unconsolidated investments <sup>(1)</sup>	16,881	17,179	16,467	21,279	21,873
NOI attributable to noncontrolling interests <sup>(2)</sup>	(27,156)	(27,124)	(28,151)	(27,542)	(29,359)
<b>Pro rata net operating income (NOI)<sup>(3)</sup></b>	<b>\$607,550</b>	<b>\$595,508</b>	<b>\$571,802</b>	<b>\$545,866</b>	<b>\$549,261</b>
Pro rata net operating income (NOI):					
Seniors housing triple-net	\$165,258	\$163,388	\$162,540	\$162,273	\$155,741
Long-term/post-acute care	143,676	145,933	115,631	89,316	87,925
Seniors housing operating	204,177	196,885	206,527	206,296	215,402
Outpatient medical	89,879	89,127	87,221	87,836	90,167
Life science, Corporate and Land	4,560	175	(117)	145	26
<b>Pro rata net operating income (NOI)<sup>(3)</sup></b>	<b>\$607,550</b>	<b>\$595,508</b>	<b>\$571,802</b>	<b>\$545,866</b>	<b>\$549,261</b>

(1) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(2) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(3) Represents Welltower's pro rata share of NOI. Includes amounts from investments sold or held for sale.

# NOI YEAR-TO-DATE RECONCILIATIONS

(dollars in thousands)

	Six Months Ended	
	June 30, 2016	June 30, 2017
Net income	\$376,223	\$541,052
Loss (gain) on real estate dispositions, net	(1,530)	(286,247)
Loss (income) from unconsolidated entities	5,778	27,084
Income tax expense (benefit)	(2,239)	(6,203)
Other expenses	3,161	18,014
Impairment of assets	14,314	24,662
Loss (gain) on extinguishment of debt, net	9	36,870
Loss (gain) on derivatives, net	-	1,960
Transaction costs	13,365	-
General and administrative expenses	85,606	63,733
Depreciation and amortization	455,265	453,124
Interest expense	265,285	234,827
Consolidated net operating income	\$1,215,237	\$1,108,876
NOI attributable to unconsolidated investments <sup>(1)</sup>	32,889	43,152
NOI attributable to noncontrolling interests <sup>(2)</sup>	(51,960)	(56,901)
<b>Pro rata net operating income (NOI)<sup>(3)</sup></b>	<b>\$1,196,166</b>	<b>\$1,095,127</b>
Pro rata net operating income (NOI):		
Seniors housing triple-net	\$328,998	\$318,014
Long-term/post-acute care	286,899	177,241
Seniors housing operating	398,528	421,698
Outpatient medical	177,076	178,003
Life science, Corporate and Land	4,665	171
<b>Pro rata net operating income (NOI)<sup>(3)</sup></b>	<b>\$1,196,166</b>	<b>\$1,095,127</b>

(1) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(2) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(3) Represents Welltower's pro rata share of NOI. Includes amounts from investments sold or held for sale.

# NOI ANNUAL RECONCILIATIONS

(dollars in thousands)

	Year Ended				
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Net income	\$294,840	\$138,280	\$512,300	\$888,549	\$1,082,070
Loss (gain) on real estate dispositions, net	(100,549)	(49,138)	(153,522)	(280,387)	(364,046)
Loss (income) from unconsolidated entities	(2,482)	8,188	27,426	21,504	10,357
Income tax expense (benefit)	7,612	7,491	(1,267)	6,451	(19,128)
Other expenses	-	-	10,262	46,231	11,998
Impairment of assets <sup>(1)</sup>	29,287	-	-	2,220	37,207
Provision for loan losses	27,008	2,110	-	-	10,215
Loss (gain) on extinguishment of debt, net	(775)	(909)	9,558	34,677	17,214
Loss (gain) on derivatives, net	(1,825)	4,470	(1,495)	(58,427)	(2,448)
Transaction costs	61,609	133,401	69,538	110,926	42,910
General and administrative expenses	97,341	108,318	142,943	147,416	155,241
Depreciation and amortization <sup>(1)</sup>	533,585	873,960	844,130	826,240	901,242
Interest expense <sup>(1)</sup>	383,300	462,606	481,196	492,169	521,345
<b>Consolidated NOI</b>	<b>\$1,328,951</b>	<b>\$1,688,777</b>	<b>\$1,941,069</b>	<b>\$2,237,569</b>	<b>\$2,404,177</b>
NOI attributable to unconsolidated investments <sup>(2)</sup>	54,869	86,355	84,751	76,661	66,534
NOI attributable to noncontrolling interests <sup>(3)</sup>	(30,188)	(49,790)	(53,612)	(72,217)	(107,235)
<b>Pro rata net operating income (NOI)<sup>(4)</sup></b>	<b>\$1,353,632</b>	<b>\$1,725,342</b>	<b>\$1,972,208</b>	<b>\$2,242,013</b>	<b>\$2,363,476</b>
Pro rata net operating income (NOI):					
Seniors housing triple-net	\$390,611	\$448,357	\$538,799	\$622,646	\$654,925
Long-term/post-acute care	427,267	405,236	452,371	537,197	548,464
Seniors housing operating	231,304	541,460	644,591	712,189	802,000
Outpatient medical	228,722	255,211	278,456	346,187	353,424
Life science, Corporate and Land	75,728	75,078	57,991	23,794	4,663
<b>Pro rata net operating income (NOI)<sup>(4)</sup></b>	<b>\$1,353,632</b>	<b>\$1,725,342</b>	<b>\$1,972,208</b>	<b>\$2,242,013</b>	<b>\$2,363,476</b>

(1) Includes amounts related to discontinued operations.

(2) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(3) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(4) Represents Welltower's pro rata share of NOI. Includes amounts from investments sold or held for sale.

# SSNOI RECONCILIATIONS

(dollars in thousands at Welltower pro rata ownership)

	Three Months Ended					Y/o/Y
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	
<b>Seniors Housing Triple-net</b>						
NOI <sup>(1)</sup>	\$165,258	\$163,388	\$162,540	\$162,273	\$155,741	
Non-cash NOI on same store properties	(5,243)	(5,017)	(4,857)	(4,237)	(4,149)	
NOI attributable to non-same store properties	(29,479)	(28,379)	(26,757)	(27,005)	(21,612)	
Currency and ownership adjustments <sup>(2)</sup>	(4,974)	(3,803)	(3,148)	(1,877)	(444)	
Normalizing adjustments for rent reallocations <sup>(3)</sup>	186	186	62	-	-	
SSNOI	125,748	126,375	127,840	129,154	129,536	3.0%
<b>Long-Term/Post-Acute Care</b>						
NOI <sup>(1)</sup>	143,676	145,933	115,631	89,316	87,925	
Non-cash NOI on same store properties	(10,249)	(10,215)	(9,871)	(7,515)	(6,514)	
NOI attributable to non-same store properties	(59,162)	(61,213)	(32,854)	(18,818)	(17,261)	
Currency and ownership adjustments <sup>(2)</sup>	(10,102)	(10,083)	(9,072)	(13)	13	
Normalizing adjustments for rent reallocations <sup>(3)</sup>	(1,935)	(1,936)	(1,133)	-	-	
SSNOI	62,228	62,486	62,701	62,970	64,163	3.1%
<b>Seniors Housing Operating</b>						
NOI <sup>(1)</sup>	204,177	196,885	206,527	206,296	215,402	
Non-cash NOI on same store properties	111	1,167	(6)	34	377	
NOI attributable to non-same store properties	(5,357)	(8,997)	(21,089)	(19,964)	(18,934)	
Currency and ownership adjustments <sup>(2)</sup>	(3,956)	(1,755)	128	(170)	(197)	
Normalizing adjustment for payroll accruals <sup>(4)</sup>	3,469	-	-	-	-	
Normalizing adjustment for workers comp <sup>(5)</sup>	(1,682)	-	-	-	-	
Normalizing adjustment for technology costs <sup>(6)</sup>	964	1,319	-	-	-	
Normalizing adjustment for insurance reimbursements <sup>(7)</sup>	(7,654)	-	-	-	-	
Other normalizing adjustments <sup>(8)</sup>	(274)	(201)	225	653	(142)	
SSNOI	189,798	188,418	185,785	186,849	196,506	3.5%
<b>Outpatient Medical</b>						
NOI <sup>(1)</sup>	89,879	89,127	87,221	87,836	90,167	
Non-cash NOI on same store properties	(2,781)	(2,725)	(2,506)	(2,371)	(2,416)	
NOI attributable to non-same store properties	(3,718)	(3,231)	(880)	(2,322)	(4,180)	
Currency and ownership adjustments <sup>(2)</sup>	(865)	(267)	(239)	(306)	44	
Other normalizing adjustments <sup>(8)</sup>	(335)	(335)	(335)	(5)	(155)	
SSNOI	82,180	82,569	83,261	82,832	83,460	1.6%
<b>Life Science, Corporate &amp; Land</b>						
NOI <sup>(1)</sup>	4,560	175	(117)	145	26	
NOI attributable to non-same store properties	(4,560)	(175)	117	(145)	(26)	
SSNOI	-	-	-	-	-	
<b>Total</b>						
NOI	607,550	595,508	571,802	545,866	549,261	
Non-cash NOI on same store properties	(18,162)	(16,790)	(17,240)	(14,089)	(12,702)	
NOI attributable to non-same store properties	(102,276)	(101,995)	(81,463)	(68,254)	(62,013)	
Currency and ownership adjustments	(19,897)	(15,908)	(12,331)	(2,366)	(584)	
Normalizing adjustments, net	(7,261)	(967)	(1,181)	648	(297)	
SSNOI	\$459,954	\$459,848	\$459,587	\$461,805	\$473,665	3.0%

(1) See page 10.

(2) Includes adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.334294 and to translate UK properties at a GBP/USD rate of 1.24837.

(3) Represents adjustments related to reallocation of property level rents due to dispositions within an existing master lease.

(4) Represents payroll costs incurred for prior periods.

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

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

(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.

# IPNOI RECONCILIATION

(dollars in thousands at Welltower pro rata ownership)

	Seniors Housing Triple-Net	Long-Term /Post-Acute Care	Seniors Housing Operating	Outpatient Medical	Life Science, Corporate & Land	Total
<b>Three months ended June 30, 2017:</b>						
Revenues	\$155,741	\$87,925	\$661,621	\$129,555	\$204	\$1,035,046
Property operating expenses	-	-	(446,219)	(39,388)	(178)	(485,785)
<b>NOI<sup>(1)</sup></b>	<b>\$155,741</b>	<b>\$87,925</b>	<b>\$215,402</b>	<b>\$90,167</b>	<b>\$26</b>	<b>\$549,261</b>
Adjust:						
Interest income	(7,989)	(12,912)	-	-	-	(20,901)
Other income	(2,177)	(365)	(1,030)	(707)	(150)	(4,429)
Sold / held for sale	(1,192)	(2,120)	(218)	(564)	-	(4,094)
Non In-Place NOI <sup>(2)</sup>	(4,176)	(6,443)	1,005	(2,475)	124	(11,965)
Timing adjustments <sup>(3)</sup>	1,581	918	82	898	-	3,479
<b>IPNOI</b>	<b>\$141,788</b>	<b>\$67,003</b>	<b>\$215,241</b>	<b>\$87,319</b>	<b>-</b>	<b>\$511,351</b>
<b>Annualized IPNOI</b>	<b>\$567,152</b>	<b>\$268,012</b>	<b>\$860,964</b>	<b>\$349,276</b>	<b>-</b>	<b>\$2,045,404</b>

(1) Represents Welltower's pro rata share of NOI. See page 10 for more information.

(2) Primarily represents non-cash NOI.

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

# RECONCILIATIONS OF SHO SS REVPOR GROWTH, SSNOI GROWTH AND SSNOI/UNIT

(dollars in thousands, except SSNOI/unit)

	United States		United Kingdom		Canada		Total	
	2Q16	2Q17	2Q16	2Q17	2Q16	2Q17	2Q16	2Q17
<b>SHO SS REVPOR Growth</b>								
Consolidated SHO revenues <sup>(1)</sup>	\$ 444,265	\$ 503,984	\$ 73,354	\$ 70,042	\$ 107,632	\$ 104,063	\$ 625,251	\$ 678,089
Unconsolidated SHO revenues attributable to Welltower <sup>(2)</sup>	20,557	22,397	-	-	19,809	19,338	40,366	41,735
SHO revenues attributable to noncontrolling interests <sup>(3)</sup>	(28,368)	(29,552)	(3,497)	(4,107)	(25,187)	(24,544)	(57,052)	(58,203)
SHO pro rata revenues	436,454	496,829	69,857	65,935	102,254	98,857	608,565	661,621
Non-cash revenues on same store properties	(56)	(119)	(74)	(19)	-	-	(130)	(138)
Revenues attributable to non-same store properties	(7,865)	(67,451)	(9,387)	(8,596)	(1,262)	(708)	(18,514)	(76,755)
Currency and ownership adjustments <sup>(4)</sup>	119	-	(7,833)	(1,368)	(3,451)	771	(11,165)	(597)
Other normalizing adjustments <sup>(5)</sup>	(7,654)	-	-	-	-	-	(7,654)	-
SHO SS revenues <sup>(6)</sup>	\$ 420,998	\$ 429,259	\$ 52,563	\$ 55,952	\$ 97,541	\$ 98,920	\$ 571,102	\$ 584,131
Avg. occupied units/month <sup>(7)</sup>	20,646	20,249	2,219	2,255	12,228	12,051	35,093	34,555
SHO SS REVPOR <sup>(8)</sup>	\$ 6,816	\$ 7,086	\$ 7,918	\$ 8,294	\$ 2,666	\$ 2,744	\$ 5,440	\$ 5,650
SS REVPOR YOY growth		4.0%		4.7%		2.9%		3.9%
<b>SHO SSNOI Growth</b>								
Consolidated SHO NOI <sup>(1)</sup>	\$ 145,059	\$ 159,148	\$ 22,019	\$ 20,174	\$ 40,177	\$ 39,656	\$ 207,255	\$ 218,978
Unconsolidated SHO NOI attributable to Welltower <sup>(2)</sup>	8,884	9,006	-	-	7,876	7,396	16,760	16,402
SHO NOI attributable to noncontrolling interests <sup>(3)</sup>	(9,962)	(10,208)	(292)	(236)	(9,584)	(9,534)	(19,838)	(19,978)
SHO pro rata NOI <sup>(9)</sup>	143,981	157,946	21,727	19,938	38,469	37,518	204,177	215,402
Non-cash NOI on same store properties	185	396	(74)	(19)	-	-	111	377
NOI attributable to non-same store properties	(3,933)	(19,547)	(999)	657	(425)	(44)	(5,357)	(18,934)
Currency and ownership adjustments <sup>(4)</sup>	26	-	(2,681)	(493)	(1,301)	296	(3,956)	(197)
Other normalizing adjustments <sup>(10)</sup>	(5,177)	(142)	-	-	-	-	(5,177)	(142)
SHO pro rata SSNOI <sup>(6)</sup>	\$ 135,082	\$ 138,653	\$ 17,973	\$ 20,083	\$ 36,743	\$ 37,770	\$ 189,798	\$ 196,506
SHO SSNOI growth		2.6%		11.7%		2.8%		3.5%
<b>SHO SSNOI/Unit</b>								
Trailing four quarters' SSNOI <sup>(9)</sup>	\$ 533,058		\$ 74,837		\$ 149,663		\$ 757,558	
Average units in service <sup>(11)</sup>	23,031		2,586		13,242		38,859	
SSNOI/unit in USD	\$ 23,145		\$ 28,939		\$ 11,302		\$ 19,495	
SSNOI/unit in local currency <sup>(4)</sup>			£ 23,182		C \$ 15,080			

(1) Represents consolidated revenues or consolidated NOI (revenues less property operating expenses) per Note 17 to Welltower's Form 10-Q for the quarter ended June 30, 2017.

(2) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(3) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(4) Includes where appropriate adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.334294 and to translate UK properties at a GBP/USD rate of 1.24837.

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

(6) Represents SS SHO revenues/NOI at Welltower pro rata ownership.

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

(8) Represents pro rata SS average revenues generated per occupied room per month.

(9) Represents SHO NOI/SSNOI at Welltower pro rata ownership. See pages 10 and 13 for more information.

(10) Represents aggregate normalizing adjustments which are individually less than .50% of SSNOI growth with 2Q16 also including the insurance proceeds per note 6.

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

# SENIORS HOUSING OPERATING REVPOR

(dollars in thousands, except REVPOR)

	United States		United Kingdom		Canada		Total
<b>Three months ended June 30, 2017:</b>							
Consolidated SHO revenues <sup>(1)</sup>	\$	503,984	\$	70,042	\$	104,063	\$ 678,089
Unconsolidated SHO revenues attributable to Welltower <sup>(2)</sup>		22,397		-		19,338	41,735
SHO revenues attributable to noncontrolling interests <sup>(3)</sup>		(29,552)		(4,107)		(24,544)	(58,203)
Pro rata SHO revenues	\$	496,829	\$	65,935	\$	98,857	\$ 661,621
SHO interest and other income		(973)		(21)		(36)	(1,030)
SHO revenues attributable to held for sale properties		(1,357)		(412)		(1)	(1,770)
Adjustment for standardized currency rate <sup>(4)</sup>		-		(1,564)		777	(787)
SHO local revenues	\$	494,499	\$	63,938	\$	99,597	\$ 658,034
Average occupied units/month		23,654		2,653		12,135	38,442
REVPOR/month in USD	\$	6,988	\$	8,056	\$	2,743	\$ 5,722
REVPOR/month in local currency <sup>(4)</sup>			£	6,453	C\$	3,660	

(1) Represents consolidated revenues or consolidated NOI (revenues less property operating expenses) per note 17 to Welltower's Form 10-Q for the period ended June 30, 2017.

(2) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(3) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(4) Based on USD/CAD rate of 1.334294 and GBP/USD rate of 1.24837.



# OUTPATIENT MEDICAL NOI RECONCILIATIONS

(dollars in thousands, except per square foot)

Three months ended

June 30, 2017

	Total	Non Core <sup>(3)</sup>	Core
OM revenues <sup>(1)</sup>	\$129,555	\$(855)	\$128,700
OM property operating expenses <sup>(1)</sup>	(39,388)	291	(39,097)
OM Core NOI <sup>(1)</sup>	\$90,167	\$(564)	\$89,603
OM Core NOI margin			69.6%
OM Core NOI <sup>(1)</sup>			\$89,603
Less: In-Place NOI adjustments <sup>(1)</sup>			(2,284)
OM In-Place NOI <sup>(1)</sup>			87,319
OM In-Place NOI Annualized <sup>(1)</sup>			\$349,276
OM Core NOI <sup>(1)</sup>			\$89,603
Less: Interest Income			-
OM Core Rental NOI			\$89,603
Total square feet			17,329,688
Less: loans, development, held for sale			(479,883)
Pro rata adjustments <sup>(2)</sup>			(790,329)
Pro rata rental square feet			16,059,476
OM Core Rental NOI per square foot			\$22.32
OM Core Rental NOI			\$89,603
Non health system affiliated NOI			(4,022)
OM health system affiliated Core NOI			\$85,581
OM health system affiliated Core NOI %			95.5%

Notes:

(1) Amounts presented on Welltower pro rata ownership basis and excludes assets sold or held for sale. See pages 10 and 14 for reconciliations of NOI and In-Place NOI.

(2) Represents amounts attributable to joint venture partners, both unconsolidated and noncontrolling.

(3) Represents amounts from assets held for sale and non-core other income.

## EBITDA AND A-EBITDA

We measure our credit strength both in terms of leverage ratios and coverage ratios. The leverage ratios indicate how much of our balance sheet capitalization is related to long-term debt, net of cash and IRC section 1031 deposits. We expect to maintain capitalization ratios and coverage ratios sufficient to maintain a capital structure consistent with our current profile. The coverage ratios are based on EBITDA which stands for earnings (net income per income statement) before interest expense, income taxes, depreciation and amortization. Covenants in our 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 exclude unconsolidated entities and 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. Our leverage ratios include net debt to A-EBITDA, book capitalization, undepreciated book capitalization and market capitalization. Book capitalization represents the sum of net debt (defined as total long-term debt less cash and cash equivalents and any IRC section 1031 deposits), total equity and redeemable noncontrolling interests. Undepreciated book capitalization represents book capitalization adjusted for accumulated depreciation and amortization. Market capitalization represents book capitalization adjusted for the fair market value of our common stock. Our leverage ratios are defined as the proportion of net debt to total capitalization.

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 A-EBITDA QUARTERLY RECONCILIATIONS

(dollars in thousands)

	Three Months Ended				
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Net income	\$210,749	\$354,741	\$351,108	\$337,610	\$203,441
Interest expense	132,326	129,699	126,360	118,597	116,231
Income tax expense (benefit)	(513)	(305)	(16,585)	2,245	(8,448)
Depreciation and amortization	226,569	218,061	227,916	228,276	224,847
<b>EBITDA</b>	<b>\$569,131</b>	<b>\$702,196</b>	<b>\$688,799</b>	<b>\$686,728</b>	<b>\$536,071</b>
Loss (income) from unconsolidated entities	1,959	1,749	2,829	23,106	3,978
Transaction costs <sup>(1)</sup>	5,157	19,842	9,704	-	-
Stock-based compensation	7,031	5,401	8,251	4,906	4,763
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	33	-	17,204	31,356	5,515
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(1,530)	(152,646)	(186,978)	(233,061)	(28,524)
Provision for loan losses <sup>(1)</sup>	-	-	10,215	-	-
Loss / (gain) on derivatives, net <sup>(1)</sup>	-	(2,516)	68	1,224	736
Other expenses <sup>(1)</sup>	1,738	-	5,983	11,675	6,339
Additional other income <sup>(1)</sup>	(11,811)	-	(4,853)	-	-
Total adjustments	2,577	(128,170)	(137,577)	(160,794)	(7,193)
<b>A-EBITDA</b>	<b>\$571,708</b>	<b>\$574,026</b>	<b>\$551,222</b>	<b>\$525,934</b>	<b>\$528,878</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$132,326	\$129,699	\$126,360	\$118,597	\$116,231
Capitalized interest	4,306	4,766	4,834	4,129	3,358
Non-cash interest expense	(1,519)	(543)	(216)	(1,679)	(2,946)
Total interest	\$135,113	\$133,922	\$130,978	\$121,047	\$116,643
EBITDA	\$569,131	\$702,196	\$688,799	\$686,728	\$536,071
Interest coverage ratio	4.21x	5.24x	5.26x	5.67x	4.60x
A-EBITDA	\$571,708	\$574,026	\$551,222	\$525,934	\$528,878
Adjusted interest coverage ratio	4.23x	4.29x	4.21x	4.34x	4.53x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$135,113	\$133,922	\$130,978	\$121,047	\$116,643
Secured debt principal amortization	19,096	18,151	18,577	16,249	15,958
Preferred dividends	16,352	16,352	16,352	14,379	11,680
Total fixed charges	\$170,561	\$168,425	\$165,907	\$151,675	\$144,281
EBITDA	\$569,131	\$702,196	\$688,799	\$686,728	\$536,071
Fixed charge coverage ratio	3.34x	4.17x	4.15x	4.53x	3.72x
A-EBITDA	\$571,708	\$574,026	\$551,222	\$525,934	\$528,878
Adjusted fixed charge coverage ratio	3.35x	3.41x	3.32x	3.47x	3.67x
<b>Net Debt Ratios:</b>					
Total debt	\$12,973,725	\$13,430,888	\$12,358,245	\$11,454,185	\$11,379,946
Less: cash and cash equivalents <sup>(2)</sup>	(466,585)	(456,420)	(557,659)	(380,360)	(442,284)
Net debt	\$12,507,140	\$12,974,468	\$11,800,586	\$11,073,825	\$10,937,662
EBITDA Annualized	2,276,524	2,808,784	2,755,196	2,746,912	2,144,284
Net debt to EBITDA ratio	5.49x	4.62x	4.28x	4.03x	5.10x
A-EBITDA Annualized	\$2,286,832	\$2,296,102	\$2,204,889	\$2,103,736	\$2,115,512
Net debt to A-EBITDA ratio	5.47x	5.65x	5.35x	5.26x	5.17x

(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.

# EBITDA AND A-EBITDA YEAR-TO-DATE RECONCILIATIONS

(dollars in thousands)

	Six Months Ended	
	June 30, 2016	June 30, 2017
Net income	\$376,223	\$541,052
Interest expense	265,285	234,827
Income tax expense (benefit)	(2,239)	(6,203)
Depreciation and amortization	455,265	453,124
<b>EBITDA</b>	<b>\$1,094,534</b>	<b>\$1,222,800</b>
Loss (income) from unconsolidated entities	5,779	27,084
Transaction costs <sup>(1)</sup>	13,365	-
Stock-based compensation	15,217	9,669
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	9	36,870
Loss/impairment (gain) on properties, net <sup>(1)</sup>	12,784	(261,585)
Loss / (gain) on derivatives, net <sup>(1)</sup>	-	1,960
Other expenses <sup>(1)</sup>	1,738	18,014
Additional other income <sup>(1)</sup>	(11,811)	-
Total adjustments	37,081	(167,988)
<b>A-EBITDA</b>	<b>\$1,131,615</b>	<b>\$1,054,812</b>
<b>Interest Coverage Ratios:</b>		
Interest expense	\$265,285	\$234,827
Capitalized interest	7,343	7,488
Non-cash interest expense	(920)	(4,626)
Total interest	271,708	237,689
EBITDA	\$1,094,534	\$1,222,800
Interest coverage ratio	4.03x	5.14x
A-EBITDA	\$1,131,615	\$1,054,812
Adjusted interest coverage ratio	4.16x	4.44x
<b>Fixed Charge Coverage Ratios:</b>		
Total interest	\$271,708	\$237,689
Secured debt principal amortization	37,737	32,206
Preferred dividends	32,703	26,059
Total fixed charges	342,148	295,954
EBITDA	\$1,094,534	\$1,222,800
Fixed charge coverage ratio	3.20x	4.13x
A-EBITDA	\$1,131,615	\$1,054,812
Adjusted fixed charge coverage ratio	3.31x	3.56x

(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 A-EBITDA ANNUAL RECONCILIATIONS

(dollars in thousands)

	Year Ended				
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Net income	\$294,840	\$138,280	\$512,300	\$888,549	\$1,082,070
Interest expense	383,300	462,606	481,196	492,169	521,345
Income tax expense (benefit)	7,612	7,491	(1,267)	6,451	(19,128)
Depreciation and amortization	533,585	873,960	844,130	826,240	901,242
<b>EBITDA</b>	<b>\$1,219,337</b>	<b>\$1,482,337</b>	<b>\$1,836,359</b>	<b>\$2,213,409</b>	<b>\$2,485,529</b>
Loss (income) from unconsolidated entities	(2,482)	8,187	27,426	21,504	10,357
Transaction costs <sup>(1)</sup>	61,609	133,401	69,538	110,926	42,910
Stock-based compensation	18,521	20,177	32,075	30,844	28,869
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	(775)	(909)	9,558	34,677	17,214
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(71,262)	(49,138)	(153,522)	(278,167)	(326,839)
Provision for loan losses <sup>(1)</sup>	27,008	2,110	-	-	10,215
Loss / (gain) on derivatives, net <sup>(1)</sup>	(1,825)	4,470	(1,495)	(58,427)	(2,448)
CEO transition costs <sup>(1)</sup>	-	-	10,465	-	-
Other expenses <sup>(1)</sup>	-	-	10,262	40,636	7,721
Additional other income <sup>(1)</sup>	-	-	-	(2,144)	(16,664)
Total adjustments	30,794	118,298	4,307	(100,151)	(228,665)
<b>A-EBITDA</b>	<b>\$1,250,131</b>	<b>\$1,600,635</b>	<b>\$1,840,666</b>	<b>\$2,113,258</b>	<b>\$2,256,864</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$383,300	\$462,606	\$481,196	\$492,169	\$521,345
Capitalized interest	9,777	6,700	7,150	8,670	16,943
Non-cash interest expense	(11,395)	(4,044)	(2,427)	(2,586)	(1,681)
Total interest	381,682	465,262	485,919	498,253	536,607
EBITDA	\$1,219,337	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529
Interest coverage ratio	3.19x	3.19x	3.78x	4.44x	4.63x
A-EBITDA	\$1,250,131	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864
Adjusted interest coverage ratio	3.28x	3.44x	3.79x	4.24x	4.21x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$381,682	\$465,262	\$485,919	\$498,253	\$536,607
Secured debt principal amortization	38,744	56,205	62,280	67,064	74,466
Preferred dividends	69,129	66,336	65,408	65,406	65,406
Total fixed charges	489,555	587,803	613,607	630,723	676,479
EBITDA	\$1,219,337	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529
Fixed charge coverage ratio	2.49x	2.52x	2.99x	3.51x	3.67x
A-EBITDA	\$1,250,131	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864
Adjusted fixed charge coverage ratio	2.55x	2.72x	3.00x	3.35x	3.34x
<b>Net Debt Ratios:</b>					
Total debt	\$8,531,899	\$10,652,014	\$10,828,013	\$12,967,686	\$12,358,245
Less: cash and cash equivalents <sup>(2)</sup>	(1,033,764)	(158,780)	(473,726)	(484,754)	(557,659)
Net debt	7,498,135	10,493,234	10,354,287	12,482,932	11,800,586
EBITDA	\$1,219,337	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529
Net debt to EBITDA ratio	6.15x	7.08x	5.64x	5.64x	4.75x
A-EBITDA	\$1,250,131	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864
Net debt to A-EBITDA ratio	6.00x	6.56x	5.63x	5.91x	5.23x

(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 A-EBITDA TRAILING TWELVE MONTHS RECONCILIATIONS

(dollars in thousands)

	Twelve Months Ended				
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Net income	\$724,894	\$880,380	\$1,082,070	\$1,254,208	\$1,246,899
Interest expense	517,512	526,082	521,345	506,982	490,886
Income tax expense (benefit)	(2,899)	139	(19,128)	(15,158)	(23,093)
Depreciation and amortization	883,873	896,135	901,242	900,822	899,100
<b>EBITDA</b>	<b>\$2,123,380</b>	<b>\$2,302,736</b>	<b>\$2,485,529</b>	<b>\$2,646,854</b>	<b>\$2,613,792</b>
Loss (income) from unconsolidated entities	11,682	10,801	10,357	29,643	31,662
Transaction costs <sup>(1)</sup>	63,245	73,754	42,910	34,702	29,545
Stock-based compensation	25,883	25,807	28,869	25,588	23,321
Loss (gain) on extinguishment of debt, net <sup>(1)</sup>	398	(186)	17,214	48,593	54,074
Loss/impairment (gain) on properties, net <sup>(1)</sup>	(20,647)	(171,247)	(326,839)	(574,216)	(601,209)
Provision of loan losses <sup>(1)</sup>	-	-	10,215	10,215	10,215
Loss / (gain) on derivatives, net <sup>(1)</sup>	-	(2,516)	(2,448)	(1,225)	(489)
Other expenses <sup>(1)</sup>	37,386	37,386	7,721	19,396	23,997
Additional other income <sup>(1)</sup>	(13,955)	(11,811)	(16,664)	(16,664)	(4,853)
Total adjustments	103,992	(38,012)	(228,665)	(423,968)	(433,737)
<b>A-EBITDA</b>	<b>\$2,227,372</b>	<b>\$2,264,724</b>	<b>\$2,256,864</b>	<b>\$2,222,886</b>	<b>\$2,180,055</b>
<b>Interest Coverage Ratios:</b>					
Interest expense	\$517,512	\$526,082	\$521,345	\$506,982	\$490,886
Capitalized interest	11,566	14,467	16,943	18,035	17,087
Non-cash interest expense	(7,589)	(4,341)	(1,681)	(3,958)	(5,386)
Total interest	521,489	536,208	536,607	521,059	502,587
EBITDA	\$2,123,380	\$2,302,736	\$2,485,529	\$2,646,854	\$2,613,792
Interest coverage ratio	4.07x	4.29x	4.63x	5.08x	5.20x
A-EBITDA	\$2,227,372	\$2,264,724	\$2,256,864	\$2,222,886	\$2,180,055
Adjusted interest coverage ratio	4.27x	4.22x	4.21x	4.27x	4.34x
<b>Fixed Charge Coverage Ratios:</b>					
Total interest	\$521,489	\$536,208	\$536,607	\$521,059	\$502,587
Secured debt principal amortization	71,836	74,170	74,466	72,073	68,935
Preferred dividends	65,408	65,407	65,406	63,434	58,762
Total fixed charges	658,733	675,785	676,479	656,566	630,284
EBITDA	\$2,123,380	\$2,302,736	\$2,485,529	\$2,646,854	\$2,613,792
Fixed charge coverage ratio	3.22x	3.41x	3.67x	4.03x	4.15x
A-EBITDA	\$2,227,372	\$2,264,724	\$2,256,864	\$2,222,886	\$2,180,055
Adjusted fixed charge coverage ratio	3.38x	3.35x	3.34x	3.39x	3.46x

(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.

# CAPITALIZATION RATIOS

(dollars in thousands)

	As of				
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
<b>Book capitalization:</b>					
Borrowings under primary unsecured credit facility	\$745,000	\$1,350,000	\$645,000	\$522,000	\$385,000
Long-term debt obligations <sup>(1)</sup>	12,228,727	12,080,888	11,713,245	10,932,185	10,994,946
Cash & cash equivalents <sup>(2)</sup>	(466,585)	(456,420)	(557,659)	(380,360)	(442,284)
Total net debt	12,507,142	12,974,468	11,800,586	11,073,825	10,937,662
Total equity	14,868,568	15,264,238	15,281,472	15,110,263	15,313,523
Redeemable noncontrolling interest	394,126	393,530	398,433	385,418	388,876
Book capitalization	\$27,769,836	\$28,632,236	\$27,480,491	\$26,569,506	\$26,640,061
Net debt to book capitalization ratio	45.0%	45.3%	42.9%	41.7%	41.1%
<b>Undepreciated book capitalization:</b>					
Total net debt	\$12,507,142	\$12,974,468	\$11,800,586	\$11,073,825	\$10,937,662
Accumulated depreciation and amortization	4,109,585	4,243,038	4,093,494	4,335,160	4,568,408
Total equity	14,868,568	15,264,238	15,281,472	15,110,263	15,313,523
Redeemable noncontrolling interest	394,126	393,530	398,433	385,418	388,876
Undepreciated book capitalization	\$31,879,421	\$32,875,274	\$31,573,985	\$30,904,666	\$31,208,469
Net debt to undepreciated book capitalization ratio	39.2%	39.5%	37.4%	35.8%	35.0%
<b>Market capitalization:</b>					
Total net debt	\$12,507,142	\$12,974,468	\$11,800,586	\$11,073,825	\$10,937,662
Common shares outstanding	357,690	362,425	362,602	364,564	368,878
Period end share price	\$76.17	\$74.77	\$66.93	\$70.82	\$74.85
Common equity market capitalization	27,245,227	27,098,517	24,268,952	25,818,422	27,610,518
Noncontrolling interests	869,320	867,923	873,512	859,478	873,567
Preferred stock	1,006,250	1,006,250	1,006,250	718,750	718,750
Enterprise value	\$41,627,939	\$41,947,158	\$37,949,300	\$38,470,475	\$40,140,497
Net debt to market capitalization ratio	30.0%	30.9%	31.1%	28.8%	27.2%

(1) Amounts include senior unsecured notes, secured debt and capital lease obligations as reflected on our consolidated balance sheet.

(2) Inclusive of IRC section 1031 deposits, if any.