



NON-GAAP FINANCIAL MEASURES

QUARTER ENDED MARCH 31, 2018

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.

The information in this supplemental information package should be read in conjunction with the company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, earnings press releases/supplements and other information filed with, or furnished to, the Securities and Exchange Commission ("SEC").

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				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Net income (loss) attributable to common stockholders	\$312,639	\$188,429	\$74,043	\$(111,523)	\$437,671
Depreciation and amortization	228,276	224,847	230,138	238,458	228,201
Impairments and losses (gains) on real estate dispositions, net	(233,061)	(28,524)	(1,622)	43,440	(309,999)
Noncontrolling interests ⁽¹⁾	(18,107)	(16,955)	(16,826)	(8,131)	(16,353)
Unconsolidated entities ⁽²⁾	16,484	16,593	9,989	16,980	13,700
NAREIT FFO attributable to common stockholders	306,231	384,390	295,722	179,224	353,220
Normalizing items:					
Loss (gain) on derivatives and financial instruments, net	1,224	736	324	-	(7,173)
Loss (gain) on extinguishment of debt, net	31,356	5,515	-	371	11,707
Provision for loan losses	-	-	-	62,966	-
Preferred stock redemption charge	9,769	-	-	-	-
Nonrecurring interest expense	-	-	-	2,634	-
Nonrecurring income tax benefits	-	(7,916)	-	17,354	-
Incremental stock-based compensation expense	-	-	-	-	3,552
Other expenses	11,675	6,339	99,595	60,167	3,712
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	22,939	1,911	4,173	57,566	3,169
Normalized FFO attributable to common stockholders	\$383,194	\$390,975	\$399,814	\$380,282	\$368,187
Average common shares outstanding:					
Basic	362,534	366,524	369,089	370,485	371,426
Diluted for net income (loss) purposes	364,652	368,149	370,740	370,485	373,257
Diluted for FFO purposes	364,652	368,149	370,740	372,145	373,257
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.86	\$0.51	\$0.20	\$(0.30)	\$1.18
Diluted	\$0.86	\$0.51	\$0.20	\$(0.30)	\$1.17
NAREIT FFO attributable to common stockholders per share:					
Basic	\$0.84	\$1.05	\$0.80	\$0.48	\$0.95
Diluted	\$0.84	\$1.04	\$0.80	\$0.48	\$0.95
Normalized FFO attributable to common stockholders per share:					
Basic	\$1.06	\$1.07	\$1.08	\$1.03	\$0.99
Diluted	\$1.05	\$1.06	\$1.08	\$1.02	\$0.99
NAREIT FFO Payout Ratio:					
Dividends per common share	\$0.87	\$0.87	\$0.87	\$0.87	\$0.87
NAREIT FFO attributable to common stockholders per diluted share	\$0.84	\$1.04	\$0.80	\$0.48	\$0.95
NAREIT FFO Payout Ratio	104%	84%	109%	181%	92%
Normalized FFO Payout Ratio:					
Dividends per common share	\$0.87	\$0.87	\$0.87	\$0.87	\$0.87
Normalized FFO attributable to common stockholders per diluted share	\$1.05	\$1.06	\$1.08	\$1.02	\$0.99
Normalized FFO Payout Ratio	83%	82%	81%	85%	88%
Other Items: ⁽³⁾					
Net straight-line rent and above/below market rent amortization	\$(17,921)	\$(17,058)	\$(19,167)	\$(18,692)	\$(17,329)
Non-cash interest expenses	2,239	3,613	3,972	3,219	4,823
Recurring cap-ex, tenant improvements, and lease commissions	(13,806)	(15,263)	(16,651)	(22,400)	(18,398)
Stock-based compensation	4,906	4,763	5,409	2,643	7,097

(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, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Net income (loss) attributable to common stockholders	\$78,714	\$446,745	\$818,344	\$1,012,397	\$463,595
Depreciation and amortization	873,960	844,130	826,240	901,242	921,720
Impairments and losses (gains) on real estate dispositions, net	(49,138)	(153,522)	(278,167)	(326,840)	(219,767)
Noncontrolling interests ⁽¹⁾	(36,304)	(37,852)	(39,271)	(71,527)	(60,018)
Unconsolidated entities ⁽²⁾	57,652	74,580	82,494	67,667	60,046
NAREIT FFO attributable to common stockholders	924,884	1,174,081	1,409,640	1,582,939	1,165,576
Normalizing items:					
Loss (gain) on derivatives and financial instruments, net	4,470	(1,495)	(58,427)	(2,448)	2,284
Preferred stock redemption charge	-	-	-	-	9,769
Loss (gain) on extinguishment of debt, net	(909)	9,558	34,677	17,214	37,241
Provision for loan losses	2,110	-	-	10,215	62,966
CEO transition costs	-	19,688	-	-	-
Nonrecurring interest expense	-	-	-	-	2,634
Nonrecurring income tax benefits	-	(17,426)	(5,430)	(15,675)	9,438
Other expenses and transaction costs	133,401	79,800	157,852	54,908	177,776
Additional other income	-	-	(5,813)	(16,664)	-
Normalizing items attributable to noncontrolling interests and unconsolidated entities, net	(1,985)	5,661	(312)	7,228	86,589
Normalized FFO attributable to common stockholders	\$1,061,971	\$1,269,867	\$1,532,187	\$1,637,717	\$1,554,273
Average common shares outstanding:					
Basic	276,929	306,272	348,240	358,275	367,237
Diluted	278,761	307,747	349,424	360,227	369,001
Net income (loss) attributable to common stockholders per share:					
Basic	\$0.28	\$1.46	\$2.35	\$2.83	\$1.26
Diluted	\$0.28	\$1.45	\$2.34	\$2.81	\$1.26
NAREIT FFO attributable to common stockholders per share:					
Basic	\$3.34	\$3.83	\$4.05	\$4.42	\$3.17
Diluted	\$3.32	\$3.82	\$4.03	\$4.39	\$3.16
Normalized FFO attributable to common stockholders per share:					
Basic	\$3.83	\$4.15	\$4.40	\$4.57	\$4.23
Diluted	\$3.81	\$4.13	\$4.38	\$4.55	\$4.21
NAREIT FFO Payout Ratio:					
Dividends per common share	\$3.06	\$3.18	\$3.30	\$3.44	\$3.48
NAREIT FFO attributable to common stockholders per diluted share	\$3.32	\$3.82	\$4.03	\$4.39	\$3.16
NAREIT FFO payout ratio	92%	83%	82%	78%	110%
Normalized FFO Payout Ratio:					
Dividends per common share	\$3.06	\$3.18	\$3.30	\$3.44	\$3.48
Normalized FFO attributable to common stockholders per diluted share	\$3.81	\$4.13	\$4.38	\$4.55	\$4.21
Normalized FFO payout ratio	80%	77%	75%	76%	83%
Other Items: ⁽³⁾					
Net straight-line rent and above/below market rent amortization	\$(61,404)	\$(87,327)	\$(119,950)	\$(106,098)	\$(72,838)
Non-cash interest expenses	1,923	3,601	4,654	4,014	13,042
Recurring cap-ex, tenant improvements, and lease commissions	(65,981)	(61,303)	(70,613)	(66,701)	(68,120)
Stock-based compensation	20,177	32,075	30,844	24,591	17,721

(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.

OUTLOOK RECONCILIATIONS

(in millions, except per share data)

	Prior Outlook		Current Outlook	
	Year Ended December 31, 2018		Year Ended December 31, 2018	
	Low	High	Low	High
Net income attributable to common stockholders	\$892	\$930	\$957	\$995
Impairments and losses (gains) on real estate dispositions, net ^(1,2)	(338)	(338)	(376)	(376)
Depreciation and amortization ⁽¹⁾	927	927	885	885
NAREIT FFO attributable to common stockholders	1,481	1,519	1,466	1,504
Normalizing items, net ⁽³⁾	-	-	15	15
Normalized FFO attributable to common stockholders	<u>\$1,481</u>	<u>\$1,519</u>	<u>\$1,481</u>	<u>\$1,519</u>
Per share data attributable to common stockholders:				
Net income	\$2.38	\$2.48	\$2.55	\$2.65
NAREIT FFO	3.95	4.05	3.91	4.01
Normalized FFO	3.95	4.05	3.95	4.05
<u>Other Items⁽¹⁾</u>				
Net straight-line rent and above/below market rent amortization	\$(62)	\$(62)	\$(61)	\$(62)
Non-cash interest expenses	15	15	17	15
Recurring cap-ex, tenant improvements, and lease commissions	(72)	(72)	(72)	(72)
Stock-based compensation	22	22	23	23

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

(2) Includes estimated gains on projected dispositions.

(3) See earnings press release dated April 25, 2018.

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. 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 (including major refurbishments where 20% or more of units are simultaneously taken out of commission for 30 days or more), sold or classified as held for sale during that period are excluded from the same store amounts. Properties undergoing operator and/or segment transitions (except triple-net to seniors housing operating with the same operator) are also excluded from 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				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Net income (loss)	\$337,610	\$203,441	\$89,299	\$(89,743)	\$453,555
Loss (gain) on real estate dispositions, net	(244,092)	(42,155)	(1,622)	(56,381)	(338,184)
Loss (income) from unconsolidated entities	23,106	3,978	(3,408)	59,449	2,429
Income tax expense (benefit)	2,245	(8,448)	669	25,663	1,588
Other expenses	11,675	6,339	99,595	60,167	3,712
Impairment of assets	11,031	13,631	-	99,821	28,185
Provision for loan losses	-	-	-	62,966	-
Loss (gain) on extinguishment of debt, net	31,356	5,515	-	371	11,707
Loss (gain) on derivatives and financial instruments, net	1,224	736	324	-	(7,173)
General and administrative expenses	31,101	32,632	29,913	28,365	33,705
Depreciation and amortization	228,276	224,847	230,138	238,458	228,201
Interest expense	118,597	116,231	122,578	127,217	122,775
Consolidated net operating income	552,129	556,747	567,486	556,353	540,500
NOI attributable to unconsolidated investments ⁽¹⁾	21,279	21,873	22,431	21,539	21,620
NOI attributable to noncontrolling interests ⁽²⁾	(27,542)	(29,359)	(30,538)	(29,760)	(31,283)
Pro rata net operating income (NOI)⁽³⁾	\$545,866	\$549,261	\$559,379	\$548,132	\$530,837
Pro rata net operating income (NOI):					
Seniors housing triple-net	\$162,273	\$155,741	\$157,815	\$153,904	\$151,305
Long-term/post-acute care	89,316	87,925	88,494	78,353	71,811
Seniors housing operating	206,296	215,402	221,490	223,233	221,522
Outpatient medical	87,836	90,167	90,940	92,354	85,969
Corporate and land	145	26	640	288	230
Pro rata net operating income (NOI)⁽³⁾	\$545,866	\$549,261	\$559,379	\$548,132	\$530,837

(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, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Net income	\$138,280	\$512,300	\$888,549	\$1,082,070	\$540,613
Loss (gain) on real estate dispositions, net	(49,138)	(153,522)	(280,387)	(364,046)	(344,250)
Loss (income) from unconsolidated entities	8,188	27,426	21,504	10,357	83,125
Income tax expense (benefit)	7,491	(1,267)	6,451	(19,128)	20,128
Other expenses and transaction costs	133,401	79,800	157,157	54,908	177,776
Impairment of assets ⁽¹⁾	-	-	2,220	37,207	124,483
Provision for loan losses	2,110	-	-	10,215	62,966
Loss (gain) on extinguishment of debt, net	(909)	9,558	34,677	17,214	37,241
Loss (gain) on derivatives and financial instruments, net	4,470	(1,495)	(58,427)	(2,448)	2,284
General and administrative expenses	108,318	142,943	147,416	155,241	122,008
Depreciation and amortization ⁽¹⁾	873,960	844,130	826,240	901,242	921,720
Interest expense ⁽¹⁾	462,606	481,196	492,169	521,345	484,622
Consolidated NOI	1,688,777	1,941,069	2,237,569	2,404,177	2,232,716
NOI attributable to unconsolidated investments ⁽²⁾	86,355	84,751	76,661	66,534	87,121
NOI attributable to noncontrolling interests ⁽³⁾	(49,790)	(53,612)	(72,217)	(107,235)	(117,199)
Pro rata net operating income (NOI)⁽⁴⁾	\$1,725,342	\$1,972,208	\$2,242,013	\$2,363,476	\$2,202,638
Pro rata net operating income (NOI):					
Seniors housing triple-net	\$448,357	\$538,799	\$622,646	\$654,925	\$629,733
Long-term/post-acute care	405,236	452,371	537,197	548,463	344,088
Seniors housing operating	541,460	644,591	712,189	802,001	866,421
Outpatient medical	255,211	278,456	346,187	353,424	361,297
Corporate and land	75,078	57,991	23,794	4,663	1,099
Pro rata net operating income (NOI)⁽⁴⁾	\$1,725,342	\$1,972,208	\$2,242,013	\$2,363,476	\$2,202,638

(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.

CURRENT QUARTER SSNOI BY SEGMENT

(dollars in thousands at Welltower pro rata ownership)

	Three Months Ended					Y/o/Y
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	
Seniors Housing Triple-net						
NOI ⁽¹⁾	\$162,273	\$155,741	\$157,815	\$153,904	\$151,305	
Non-cash NOI on same store properties	(4,117)	(3,921)	(3,326)	(3,345)	(4,650)	
NOI attributable to non-same store properties	(40,687)	(35,308)	(37,015)	(31,788)	(25,391)	
Currency and ownership adjustments ⁽²⁾	(657)	666	395	325	(544)	
Other normalizing adjustments ⁽³⁾	252	252	164	-	(138)	
SSNOI	117,064	117,430	118,033	119,096	120,582	3.0%
Long-Term/Post-Acute Care						
NOI ⁽¹⁾	89,316	87,925	88,494	78,353	71,811	
Non-cash NOI on same store properties	(3,532)	(2,561)	(3,701)	(1,125)	(4,684)	
NOI attributable to non-same store properties	(29,597)	(28,197)	(27,264)	(19,599)	(17,551)	
Currency and ownership adjustments ⁽²⁾	96	123	4	28	19	
Normalizing adjustments for rent restructurings ⁽⁴⁾	(8,206)	(8,527)	(8,568)	(8,546)	-	
Other normalizing adjustments ⁽³⁾	340	380	382	384	-	
SSNOI	48,417	49,143	49,347	49,495	49,595	2.4%
Seniors Housing Operating						
NOI ⁽¹⁾	206,296	215,402	221,490	223,233	221,522	
Non-cash NOI on same store properties	241	475	170	(389)	(699)	
NOI attributable to non-same store properties	(6,095)	(5,103)	(5,481)	(6,487)	(7,719)	
Currency and ownership adjustments ⁽²⁾	4,591	5,111	1,598	976	(82)	
SH-NNN to SHO conversions ⁽⁵⁾	7,020	6,906	5,323	-	-	
Other normalizing adjustments ⁽³⁾	253	(207)	197	1,329	566	
SSNOI	212,306	222,584	223,297	218,662	213,588	0.6%
Outpatient Medical						
NOI ⁽¹⁾	87,836	90,167	90,940	92,354	85,969	
Non-cash NOI on same store properties	(2,577)	(2,131)	(1,695)	(1,973)	(1,187)	
NOI attributable to non-same store properties	(7,615)	(9,472)	(10,029)	(10,279)	(4,904)	
Currency and ownership adjustments ⁽²⁾	(28)	286	44	(67)	(216)	
Other normalizing adjustments ⁽³⁾	(195)	(157)	(23)	(159)	(3)	
SSNOI	77,421	78,693	79,237	79,876	79,659	2.9%
Corporate & Land						
NOI ⁽¹⁾	145	26	640	288	230	
NOI attributable to non-same store properties	(145)	(26)	(640)	(288)	(230)	
SSNOI	-	-	-	-	-	
Total						
NOI	545,866	549,261	559,379	548,132	530,837	
Non-cash NOI on same store properties	(9,985)	(8,138)	(8,552)	(6,832)	(11,220)	
NOI attributable to non-same store properties	(84,139)	(78,106)	(80,429)	(68,441)	(55,795)	
Currency and ownership adjustments	4,002	6,186	2,041	1,262	(823)	
Normalizing adjustments, net	(536)	(1,353)	(2,525)	(6,992)	425	
SSNOI	\$455,208	\$467,850	\$469,914	\$467,129	\$463,424	1.8%

(1) See page 8.

(2) Includes adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.25 and to translate U.K. properties at a GBP/USD rate of 1.35.

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

(4) Represents adjustments related to rent restructuring for one LTPAC master lease.

(5) Represents the performance of certain properties that converted from seniors housing triple-net to seniors housing operating with the same operator. Amounts represent unaudited operating results provided by the operator and were not a component of WELL earnings (i.e., rental income).

IPNOI RECONCILIATION

(dollars in thousands at Welltower pro rata ownership)

	Seniors Housing Triple-Net	Long-Term /Post-Acute Care	Seniors Housing Operating	Outpatient Medical	Corporate & Land	Total
Three months ended March 31, 2018:						
Revenues	\$151,322	\$71,811	\$706,158	\$126,979	\$393	\$1,056,663
Property operating expenses	(17)	-	(484,636)	(41,010)	(163)	(525,826)
NOI⁽¹⁾	\$151,305	\$71,811	\$221,522	\$85,969	\$230	\$530,837
Adjust:						
Interest income	(7,087)	(7,463)	(85)	(12)	-	(14,647)
Other income	(312)	(1,064)	(1,143)	(182)	(307)	(3,008)
Sold / held for sale	(5,593)	(6,225)	(647)	(536)	-	(13,001)
Developments/land	-	(7)	141	1	77	212
Non IPNOI ⁽²⁾	(6,870)	(4,659)	(1,991)	(1,709)	-	(15,229)
Timing adjustments ⁽³⁾	634	-	4,156	1,445	-	6,235
Total adjustments	\$(19,228)	\$(19,418)	\$431	\$(993)	\$(230)	\$(39,438)
IPNOI	\$132,077	\$52,393	\$221,953	\$84,976	-	\$491,399
Annualized IPNOI	\$528,308	\$209,572	\$887,812	\$339,904	-	\$1,965,596

(1) Represents Welltower's pro rata share of NOI. See page 8 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	
	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18
SHO SS REVPOR Growth								
Consolidated SHO revenues ⁽¹⁾	\$ 498,943	\$ 544,194	\$ 65,939	\$ 79,037	\$ 106,985	\$ 113,936	\$ 671,867	\$ 737,167
Unconsolidated SHO revenues attributable to Welltower ⁽²⁾	22,110	22,203	-	-	19,792	20,692	41,902	42,895
SHO revenues attributable to noncontrolling interests ⁽³⁾	(29,344)	(42,110)	(3,441)	(5,712)	(25,022)	(26,082)	(57,807)	(73,904)
SHO pro rata revenues ⁽⁴⁾	491,709	524,287	62,498	73,325	101,755	108,546	655,962	706,158
Non-cash revenues on same store properties	(80)	(235)	(19)	(21)	-	-	(99)	(256)
Revenues attributable to non-same store properties	(11,548)	(18,301)	(11,425)	(15,010)	(3,607)	(6,043)	(26,580)	(39,354)
Currency and ownership adjustments ⁽⁵⁾	4,128	-	4,574	(1,730)	5,746	1,151	14,448	(579)
SH-NNN to SHO conversions ⁽⁶⁾	11,866	-	-	-	-	-	11,866	-
SHO SS revenues ⁽⁷⁾	\$ 496,075	\$ 505,751	\$ 55,628	\$ 56,564	\$ 103,894	\$ 103,654	\$ 655,597	\$ 665,969
Avg. occupied units/month ⁽⁸⁾	24,382	23,970	2,160	2,159	12,035	11,725	38,577	37,854
SHO SS REVPOR ⁽⁹⁾	\$ 6,876	\$ 7,131	\$ 8,704	\$ 8,854	\$ 2,918	\$ 2,988	\$ 5,744	\$ 5,946
SS REVPOR YOY growth		3.7%		1.7%		2.4%		3.5%
SHO SSNOI Growth								
Consolidated SHO NOI ⁽¹⁾	\$ 150,421	\$ 163,010	\$ 19,133	\$ 18,955	\$ 39,888	\$ 43,261	\$ 209,442	\$ 225,226
Unconsolidated SHO NOI attributable to Welltower ⁽²⁾	8,938	8,144	-	-	7,604	7,993	16,542	16,137
SHO NOI attributable to noncontrolling interests ⁽³⁾	(10,065)	(9,491)	(173)	(385)	(9,450)	(9,965)	(19,688)	(19,841)
SHO pro rata NOI ⁽⁴⁾	149,294	161,663	18,960	18,570	38,042	41,289	206,296	221,522
Non-cash NOI on same store properties	260	(679)	(19)	(21)	-	1	241	(699)
NOI attributable to non-same store properties	(3,204)	(4,950)	(1,710)	(697)	(1,181)	(2,072)	(6,095)	(7,719)
Currency and ownership adjustments ⁽⁵⁾	893	-	1,543	(525)	2,155	443	4,591	(82)
SH-NNN to SHO conversions ⁽¹⁰⁾	7,020	-	-	-	-	-	7,020	-
Other normalizing adjustments ⁽¹¹⁾	253	100	-	406	-	60	253	566
SHO pro rata SSNOI ⁽⁷⁾	\$ 154,516	\$ 156,134	\$ 18,774	\$ 17,733	\$ 39,016	\$ 39,721	\$ 212,306	\$ 213,588
SHO SSNOI growth		1.0%		-5.5%		1.8%		0.6%
SHO SSNOI/Unit								
Trailing four quarters' SSNOI ⁽⁴⁾	\$ 641,254		\$ 76,668		\$ 160,209		\$ 878,131	
Average units in service ⁽¹²⁾	27,972		2,534		13,072		43,578	
SSNOI/unit in USD	\$ 22,925		\$ 30,256		\$ 12,256		\$ 20,151	
SSNOI/unit in local currency ⁽⁵⁾			£ 22,412		CS 15,320			

(1) Represents consolidated revenues or consolidated NOI (revenues less property operating expenses) per Note 17 to Welltower's Form 10-Q/K for the respective period.

(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 SHO revenues/NOI/SSNOI at Welltower pro rata ownership. See pages 8 & 13 for more information.

(5) Includes where appropriate adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.25 and to translate U.K. properties at a GBP/USD rate of 1.35.

(6) Represents the performance of certain properties that were converted from SH-NNN to SHO with the same operator. Amounts represent revenue-only component of unaudited operating results provided by the operator and were not a component of WELL earnings.

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

(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.

(10) Represents the performance of certain properties that were converted from SH-NNN to SHO with the same operator. Amounts represent unaudited operating results provided by the operator and were not a component of WELL earnings.

(11) Represents aggregate normalizing adjustments which are individually less than .50% of SSNOI growth.

(12) 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
Three months ended March 31, 2018							
Consolidated SHO revenues ⁽¹⁾	\$	544,194	\$	79,037	\$	113,936	\$ 737,167
Unconsolidated SHO revenues attributable to Welltower ⁽²⁾		22,203		-		20,692	42,895
SHO revenues attributable to noncontrolling interests ⁽³⁾		(42,110)		(5,712)		(26,082)	(73,904)
Pro rata SHO revenues ⁽⁴⁾	\$	524,287	\$	73,325	\$	108,546	\$ 706,158
SHO interest and other income		(1,008)		(26)		(194)	(1,228)
SHO revenues attributable to held for sale properties		(5,859)		(1,341)		-	(7,200)
Adjustment for standardized currency rate ⁽⁵⁾		-		(2,136)		1,260	(876)
SHO local revenues	\$	517,420	\$	69,822	\$	109,612	\$ 696,854
Average occupied units/month		24,543		2,704		12,557	39,804
REVPOR/month in USD	\$	7,125	\$	8,728	\$	2,950	\$ 5,917
REVPOR/month in local currency ⁽⁵⁾			£	6,465	C\$	3,688	

(1) Represents consolidated revenues or consolidated NOI (revenues less property operating expenses) per Note 17 to Welltower's Form 10-Q/K for the respective period.

(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 SHO revenues/NOI/SSNOI at Welltower pro rata ownership.

(5) Based on USD/CAD rate of 1.25 and GBP/USD rate of 1.35.

OUTPATIENT MEDICAL NOI RECONCILIATIONS

(dollars in thousands, except per square foot)

	Three months ended		
	March 31, 2018		
	Total	Non Core ⁽³⁾	Core
OM revenues ⁽¹⁾	\$126,979	\$(611)	\$126,368
OM property operating expenses ⁽¹⁾	(41,010)	73	(40,937)
OM Core NOI ⁽¹⁾	\$85,969	\$(538)	\$85,431
OM Core NOI margin			67.6%
OM Core NOI ⁽¹⁾			\$85,431
Less: In-Place NOI adjustments ⁽¹⁾			(455)
OM In-Place NOI ⁽¹⁾			84,976
OM In-Place NOI Annualized ⁽¹⁾			\$339,904
OM Core NOI ⁽¹⁾			\$85,431
Less: Interest Income			(12)
OM Core Rental NOI			\$85,419
Total square feet			16,330,391
Less: loans, development, held for sale			(513,094)
Pro rata adjustments ⁽²⁾			(813,984)
Pro rata rental square feet			15,003,313
OM Core Rental NOI per square foot			\$22.77
OM Core Rental NOI			\$85,419
Non health system affiliated NOI			(4,468)
OM health system affiliated Core NOI			\$80,951
OM health system affiliated Core NOI %			94.8%

Notes:

(1) Amounts presented on Welltower pro rata ownership basis and excludes assets sold or held for sale. See pages 8 and 11 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 Internal Revenue Code ("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, gains/losses/impairments on properties, gains/losses on derivatives and financial instruments, and other expenses. 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				
	March 31, 2017	June 30, 2017	September 30, 2017	December 30, 2017	March 31, 2018
Net income (loss)	\$337,610	\$203,441	\$89,299	\$(89,743)	\$453,555
Interest expense	118,597	116,231	122,578	127,217	122,775
Income tax expense (benefit)	2,245	(8,448)	669	25,663	1,588
Depreciation and amortization	228,276	224,847	230,138	238,458	228,201
EBITDA	\$686,728	\$536,071	\$442,684	\$301,595	\$806,119
Loss (income) from unconsolidated entities	23,106	3,978	(3,408)	59,449	2,429
Stock-based compensation ⁽¹⁾	4,906	4,763	6,790	2,643	11,557
Loss (gain) on extinguishment of debt, net	31,356	5,515	-	371	11,707
Impairments and losses (gains) on real estate dispositions, net	(233,061)	(28,524)	(1,622)	43,440	(309,999)
Provision for loan losses	-	-	-	62,966	-
Loss (gain) on derivatives and financial instruments, net	1,224	736	324	-	(7,173)
Other expenses ⁽¹⁾	11,675	6,339	98,214	60,167	2,804
Additional other income	-	-	-	-	-
Total adjustments	(160,794)	(7,193)	100,298	229,036	(288,675)
A-EBITDA	\$525,934	\$528,878	\$542,982	\$530,631	\$517,444
Interest Coverage Ratios:					
Interest expense	\$118,597	\$116,231	\$122,578	\$127,217	\$122,775
Capitalized interest	4,129	3,358	2,545	3,456	2,336
Non-cash interest expense	(1,679)	(2,946)	(3,199)	(2,534)	(4,179)
Total interest	\$121,047	\$116,643	\$121,924	\$128,139	\$120,932
EBITDA	\$686,728	\$536,071	\$442,684	\$301,595	\$806,119
Interest coverage ratio	5.67x	4.60x	3.63x	2.35x	6.67x
A-EBITDA	\$525,934	\$528,878	\$542,982	\$530,631	\$517,444
Adjusted interest coverage ratio	4.34x	4.53x	4.45x	4.14x	4.28x
Fixed Charge Coverage Ratios:					
Total interest	\$121,047	\$116,643	\$121,924	\$128,139	\$120,932
Secured debt principal amortization	16,249	15,958	15,300	16,572	14,247
Preferred dividends	14,379	11,680	11,676	11,676	11,676
Total fixed charges	\$151,675	\$144,281	\$148,900	\$156,387	\$146,855
EBITDA	\$686,728	\$536,071	\$442,684	\$301,595	\$806,119
Fixed charge coverage ratio	4.53x	3.72x	2.97x	-	5.49x
A-EBITDA	\$525,934	\$528,878	\$542,982	\$530,631	\$517,444
Adjusted fixed charge coverage ratio	3.47x	3.67x	3.65x	3.39x	3.52x
Net Debt Ratios:					
Total debt	\$11,454,185	\$11,379,946	\$11,521,592	\$11,731,936	\$11,349,840
Less: cash and cash equivalents ⁽²⁾	(380,360)	(442,284)	(250,776)	(249,620)	(202,824)
Net debt	\$11,073,825	\$10,937,662	\$11,270,816	\$11,482,316	\$11,147,016
EBITDA Annualized	2,746,912	2,144,284	1,770,736	1,206,380	3,224,476
Net debt to EBITDA ratio	4.03x	5.10x	6.37x	9.52x	3.46x
A-EBITDA Annualized	\$2,103,736	\$2,115,512	\$2,171,928	\$2,122,524	\$2,069,776
Net debt to A-EBITDA ratio	5.26x	5.17x	5.19x	5.41x	5.39x

(1) Certain severance-related costs are included in stock-based compensation and excluded from other expenses.

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

EBITDA AND A-EBITDA ANNUAL RECONCILIATIONS

(dollars in thousands)

	Year Ended				
	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Net income	\$138,280	\$512,300	\$888,549	\$1,082,070	\$540,613
Interest expense	462,606	481,196	492,169	521,345	484,622
Income tax expense (benefit)	7,491	(1,267)	6,451	(19,128)	20,128
Depreciation and amortization	873,960	844,130	826,240	901,242	921,720
EBITDA	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529	\$1,967,083
Loss (income) from unconsolidated entities	8,187	27,426	21,504	10,357	83,125
Stock-based compensation	20,177	32,075	30,844	28,869	19,102
Loss (gain) on extinguishment of debt, net ⁽¹⁾	(909)	9,558	34,677	17,214	37,241
Loss/impairment (gain) on properties, net ⁽¹⁾	(49,138)	(153,522)	(278,167)	(326,839)	(219,767)
Provision for loan losses ⁽¹⁾	2,110	-	-	10,215	62,966
Loss / (gain) on derivatives, net ⁽¹⁾	4,470	(1,495)	(58,427)	(2,448)	2,284
CEO transition costs ⁽¹⁾	-	10,465	-	-	-
Other expenses & transaction costs ⁽¹⁾	133,401	79,800	151,562	50,631	176,395
Additional other income ⁽¹⁾	-	-	(2,144)	(16,664)	-
Total adjustments	118,298	4,307	(100,151)	(228,665)	161,346
A-EBITDA	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864	\$2,128,429
Interest Coverage Ratios:					
Interest expense	\$462,606	\$481,196	\$492,169	\$521,345	\$484,622
Capitalized interest	6,700	7,150	8,670	16,943	13,489
Non-cash interest expense	(4,044)	(2,427)	(2,586)	(1,681)	(10,358)
Total interest	465,262	485,919	498,253	536,607	487,753
EBITDA	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529	\$1,967,083
Interest coverage ratio	3.19x	3.78x	4.44x	4.63x	4.03x
A-EBITDA	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864	\$2,128,429
Adjusted interest coverage ratio	3.44x	3.79x	4.24x	4.21x	4.36x
Fixed Charge Coverage Ratios:					
Total interest	\$465,262	\$485,919	\$498,253	\$536,607	\$487,753
Secured debt principal amortization	56,205	62,280	67,064	74,466	64,079
Preferred dividends	66,336	65,408	65,406	65,406	49,410
Total fixed charges	587,803	613,607	630,723	676,479	601,242
EBITDA	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529	\$1,967,083
Fixed charge coverage ratio	2.52x	2.99x	3.51x	3.67x	3.27x
A-EBITDA	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864	\$2,128,429
Adjusted fixed charge coverage ratio	2.72x	3.00x	3.35x	3.34x	3.54x
Net Debt Ratios:					
Total debt	\$10,652,014	\$10,828,013	\$12,967,686	\$12,358,245	\$11,731,936
Less: cash and cash equivalents ⁽²⁾	(158,780)	(473,726)	(484,754)	(557,659)	(249,620)
Net debt	10,493,234	10,354,287	12,482,932	11,800,586	11,482,316
EBITDA	\$1,482,337	\$1,836,359	\$2,213,409	\$2,485,529	\$1,967,083
Net debt to EBITDA ratio	7.08x	5.64x	5.64x	4.75x	5.84x
A-EBITDA	\$1,600,635	\$1,840,666	\$2,113,258	\$2,256,864	\$2,128,429
Net debt to A-EBITDA ratio	6.56x	5.63x	5.91x	5.23x	5.39x

(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				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Net income	\$1,254,208	\$1,246,899	\$981,458	\$540,613	\$656,551
Interest expense	506,982	490,886	483,765	484,622	488,800
Income tax expense (benefit)	(15,158)	(23,093)	(22,119)	20,128	19,471
Depreciation and amortization	900,822	899,100	911,180	921,720	921,645
EBITDA	\$2,646,854	\$2,613,792	\$2,354,284	\$1,967,083	\$2,086,467
Loss (income) from unconsolidated entities	29,643	31,662	26,505	83,125	62,448
Stock-based compensation ⁽¹⁾	25,588	23,321	24,710	19,102	25,753
Loss (gain) on extinguishment of debt, net ⁽²⁾	48,593	54,074	54,074	37,241	17,593
Impairments and losses (gains) on real estate dispositions, net ⁽²⁾	(574,216)	(601,209)	(450,185)	(219,767)	(296,705)
Provision of loan losses ⁽²⁾	10,215	10,215	10,215	62,966	62,966
Loss (gain) on derivatives and financial instruments, net ⁽²⁾	(1,225)	(489)	2,351	2,284	(6,113)
Other expenses ^{(1),(2)}	54,098	53,542	131,915	176,395	167,524
Additional other income ⁽²⁾	(16,664)	(4,853)	(4,853)	-	-
Total adjustments	(423,968)	(433,737)	(205,268)	161,346	33,466
A-EBITDA	\$2,222,886	\$2,180,055	\$2,149,016	\$2,128,429	\$2,119,933
Interest Coverage Ratios:					
Interest expense	\$506,982	\$490,886	\$483,765	\$484,622	\$488,800
Capitalized interest	18,035	17,087	14,866	13,489	11,696
Non-cash interest expense	(3,958)	(5,386)	(8,041)	(10,358)	(12,858)
Total interest	521,059	502,587	490,590	487,753	487,638
EBITDA	\$2,646,854	\$2,613,792	\$2,354,284	\$1,967,083	\$2,086,467
Interest coverage ratio	5.08x	5.20x	4.80x	4.03x	4.28x
A-EBITDA	\$2,222,886	\$2,180,055	\$2,149,016	\$2,128,429	\$2,119,933
Adjusted interest coverage ratio	4.27x	4.34x	4.38x	4.36x	4.35x
Fixed Charge Coverage Ratios:					
Total interest	\$502,587	\$490,590	\$487,753	\$487,753	\$487,638
Secured debt principal amortization	72,073	68,935	66,084	64,079	62,077
Preferred dividends	63,434	58,762	54,086	49,410	46,707
Total fixed charges	638,094	618,287	607,923	601,242	596,422
EBITDA	\$2,646,854	\$2,613,792	\$2,354,284	\$1,967,083	\$2,086,467
Fixed charge coverage ratio	4.15x	4.23x	3.87x	3.27x	3.50x
A-EBITDA	\$2,222,886	\$2,180,055	\$2,149,016	\$2,128,429	\$2,119,933
Adjusted fixed charge coverage ratio	3.48x	3.53x	3.54x	3.54x	3.55x

(1) Certain severance-related costs are included in stock-based compensation and excluded from other expenses.

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

CAPITALIZATION RATIOS QUARTERLY

(Amounts in thousands, except share price)

	As of				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
Book capitalization:					
Borrowings under primary unsecured credit facility	\$522,000	\$385,000	\$420,000	\$719,000	\$865,000
Long-term debt obligations ⁽¹⁾	10,932,185	10,994,946	11,101,592	11,012,936	10,484,840
Cash & cash equivalents ⁽²⁾	(380,360)	(442,284)	(250,776)	(249,620)	(202,824)
Total net debt	11,073,825	10,937,662	11,270,816	11,482,316	11,147,016
Total equity ⁽³⁾	15,495,681	15,702,399	15,631,385	15,300,646	15,448,201
Book capitalization	\$26,569,506	\$26,640,061	\$26,902,201	\$26,782,962	\$26,595,217
Net debt to book capitalization ratio	41.7%	41.1%	41.9%	42.9%	41.9%
Undepreciated book capitalization:					
Total net debt	\$11,073,825	\$10,937,662	\$11,270,816	\$11,482,316	\$11,147,016
Accumulated depreciation and amortization	4,335,160	4,568,408	4,826,418	4,838,370	4,990,780
Total equity ⁽³⁾	15,495,681	15,702,399	15,631,385	15,300,646	15,448,201
Undepreciated book capitalization	\$30,904,666	\$31,208,469	\$31,728,619	\$31,621,332	\$31,585,997
Net debt to undepreciated book capitalization ratio	35.8%	35.0%	35.5%	36.3%	35.3%
Market capitalization:					
Common shares outstanding	364,564	368,878	370,342	371,732	371,971
Period end share price	\$70.82	\$74.85	\$70.28	\$63.77	\$54.43
Common equity market capitalization	\$25,818,422	\$27,610,518	\$26,027,636	\$23,705,350	\$20,246,382
Total net debt	11,073,825	10,937,662	11,270,816	11,482,316	11,147,016
Noncontrolling interests ⁽³⁾	859,478	873,567	901,487	877,498	889,766
Preferred stock	718,750	718,750	718,503	718,503	718,498
Enterprise value	\$38,470,475	\$40,140,497	\$38,918,442	\$36,783,667	\$33,001,662
Net debt to market capitalization ratio	28.8%	27.2%	29.0%	31.2%	33.8%

(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.

(3) Includes all noncontrolling interests (redeemable and permanent) as reflected on our consolidated balance sheet.

CAPITALIZATION RATIOS ANNUAL

	Year Ended December 31,				
	2013	2014	2015	2016	2017
Book capitalization:					
Borrowings under primary unsecured credit facility	\$ 130,000	\$ 0	\$ 835,000	\$ 645,000	\$ 719,000
Long-term debt obligations ⁽¹⁾	10,522,014	10,828,013	12,132,686	11,713,245	11,012,936
Cash & cash equivalents ⁽²⁾	(158,780)	(473,726)	(484,754)	(557,659)	(249,620)
Total net debt	10,493,234	10,354,287	12,482,932	11,800,586	11,482,316
Total equity ⁽³⁾	11,791,370	13,559,458	15,358,968	15,679,906	15,300,646
Book capitalization	\$ 22,284,604	\$ 23,913,745	\$ 27,841,900	\$ 27,480,492	\$ 26,782,962
Net debt to book capitalization ratio	47.1%	43.3%	44.8%	42.9%	42.9%
Undepreciated book capitalization:					
Total net debt	\$ 10,493,234	\$ 10,354,287	\$ 12,482,932	\$ 11,800,586	\$ 11,482,316
Accumulated depreciation and amortization	2,386,658	3,020,908	3,796,297	4,093,494	4,838,370
Total equity ⁽³⁾	11,791,370	13,559,458	15,358,968	15,679,906	15,300,646
Undepreciated book capitalization	\$ 24,671,262	\$ 26,934,653	\$ 31,638,197	\$ 31,573,986	\$ 31,621,332
Net debt to undepreciated book capitalization ratio	42.5%	38.4%	39.5%	37.4%	36.3%
Market capitalization:					
Common shares outstanding	289,564	328,790	354,778	362,602	371,732
Period end share price	\$ 53.57	\$ 75.67	\$ 68.03	\$ 66.93	\$ 63.77
Common equity market capitalization	\$ 15,511,943	\$ 24,879,539	\$ 24,135,525	\$ 24,268,952	\$ 23,705,350
Total net debt	10,493,234	10,354,287	12,482,932	11,800,586	11,482,316
Noncontrolling interests ⁽³⁾	376,787	384,305	768,408	873,512	877,498
Preferred stock	1,017,361	1,006,250	1,006,250	1,006,250	718,503
Enterprise value	\$ 27,399,325	\$ 36,624,381	\$ 38,393,115.0	\$ 37,949,300	\$ 36,783,667
Net debt to market capitalization ratio	38.3%	28.3%	32.5%	31.1%	31.2%

(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. 2015 also includes cash received from CPPIB joint venture buy-in subsequent to 12/31/15.

(3) Includes all noncontrolling interests (redeemable and permanent) as reflected on our consolidated balance sheet.