



The Aging Population:

Driving Health Care Real Estate Investments

Corporate Presentation | May 2017

welltower

Forward Looking Statements

This document contains “forward-looking” statements as that term is defined in the Private Securities Litigation Reform Act of 1995. When the company uses words such as “may,” “will,” “intend,” “should,” “believe,” “expect,” “anticipate,” “project,” “pro forma,” “estimate” or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. In particular, these forward-looking statements include, but are not limited to, those relating to the company’s opportunities to acquire, develop or sell properties; the company’s ability to close its anticipated acquisitions, investments or dispositions on currently anticipated terms, or within currently anticipated timeframes; the expected performance of the company’s operators/tenants and properties; the company’s expected occupancy rates; the company’s ability to declare and to make distributions to stockholders; the company’s investment and financing opportunities and plans; the company’s continued qualification as a real estate investment trust (“REIT”); the company’s ability to meet its earning guidance; and the company’s ability to access capital markets or other sources of funds.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the company’s actual results to differ materially from the company’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the status of the economy; the status of capital markets, including availability and cost of capital; issues facing the health care industry, including compliance with, and changes to, regulations and payment policies, responding to government investigations and punitive settlements and operators’/tenants’ difficulty in cost-effectively obtaining and maintaining adequate liability and other insurance; changes in financing terms; competition within the health care and seniors housing industries; negative developments in the operating results or financial condition of operators/tenants, including, but not limited to, their ability to pay rent and repay loans; the company’s ability to transition or sell properties with profitable results; the failure to make new investments or acquisitions as and when anticipated; natural disasters and other acts of God affecting the company’s properties; the company’s ability to re-lease space at similar rates as vacancies occur; the company’s ability to timely reinvest sale proceeds at similar rates to assets sold; operator/tenant or joint venture partner bankruptcies or insolvencies; the cooperation of joint venture partners; government regulations affecting Medicare and Medicaid reimbursement rates and operational requirements; liability or contract claims by or against operators/tenants; unanticipated difficulties and/or expenditures relating to future investments or acquisitions; environmental laws affecting the company’s properties; changes in rules or practices governing the company’s financial reporting; the movement of U.S. and foreign currency exchange rates; the company’s ability to maintain its qualification as a REIT; key management personnel recruitment and retention; and other risks described in the company’s reports filed from time to time with the Securities and Exchange Commission. Finally, the company assumes no obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, or to update the reasons why actual results could differ from those projected in any forward-looking statements.

Welltower At A Glance

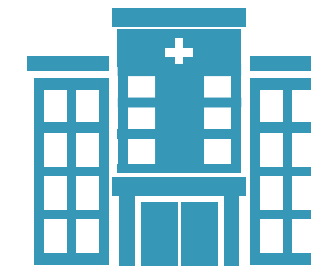
Driving The Evolution of Healthcare Infrastructure And Value Based Care



1,375
TOTAL HEALTH
CARE PROPERTIES



~210,000
RESIDENTS⁽²⁾



16,000,000
OUTPATIENT
MEDICAL VISITS⁽²⁾

\$38.5B
Enterprise Value⁽¹⁾

NYSE
Symbol:
HCN

S&P
500

Dow Jones
Sustainability
Index

Moody's
Baa1
Stable

S&P
BBB+
Stable

Fitch
BBB+
Stable

1) Source: Bloomberg as of 3/31/2017.

2) Based on internal estimates derived from trailing twelve-month facility level data.

Real Estate Investment Trust (REIT) Overview

LARGEST U.S. PUBLIC REAL ESTATE COMPANIES by ENTERPRISE VALUE⁽¹⁾

Rank	Company	Sector	\$ (mm's)
1	Simon Property Group	Regional Malls	\$78,977
2	Public Storage	Self-Storage	\$43,451
3	Prologis Inc.	Industrial	\$42,428
4	welltower	Health Care	\$38,493
5	General Growth Properties	Regional Malls	\$36,470
6	Equity Residential	Apartments	\$34,198
7	Ventas, Inc	Health Care	\$33,457

1) Includes RMZ real estate companies. Source: Bloomberg as of 3/31/2017.

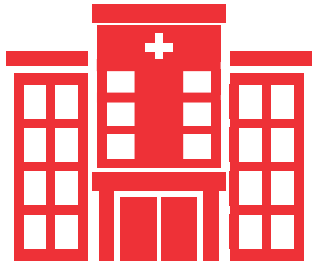
Powerful Growth Trends for Health Care Real Estate



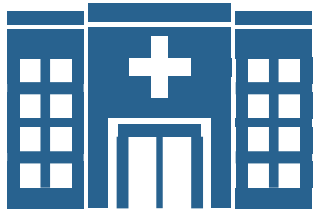
Health Care is Moving To Lower Cost Settings

HIGHER AVERAGE COST LOWER AVERAGE COST

ACUTE CARE POST-ACUTE CARE CONTINUUM SENIOR HOUSING



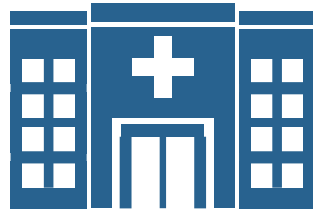
Hospital



Long-Term
Care Hospital



Inpatient
Rehab Facility



Skilled Nursing
(LTC)



Memory
Care



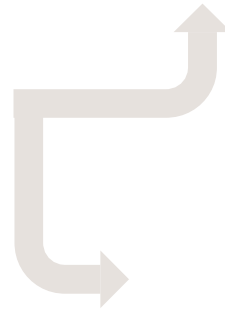
Assisted
Living



Independent
Living



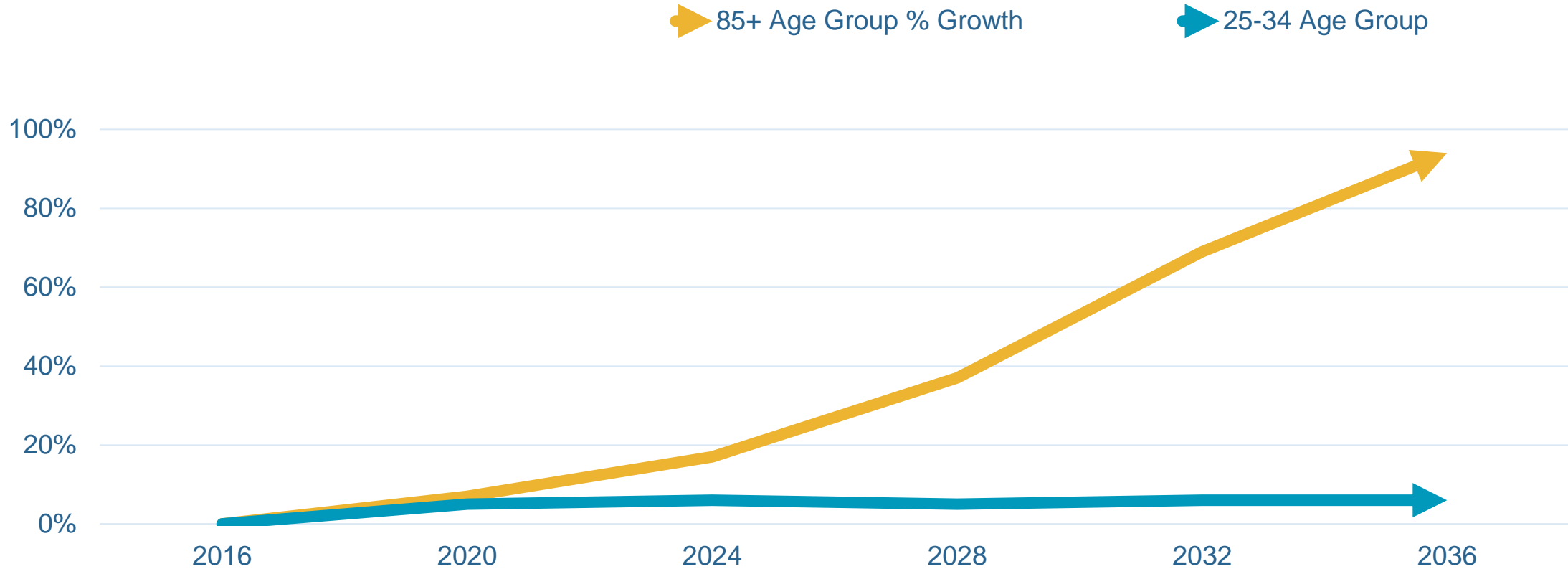
OUTPATIENT / MEDICAL OFFICE BUILDING



HOME

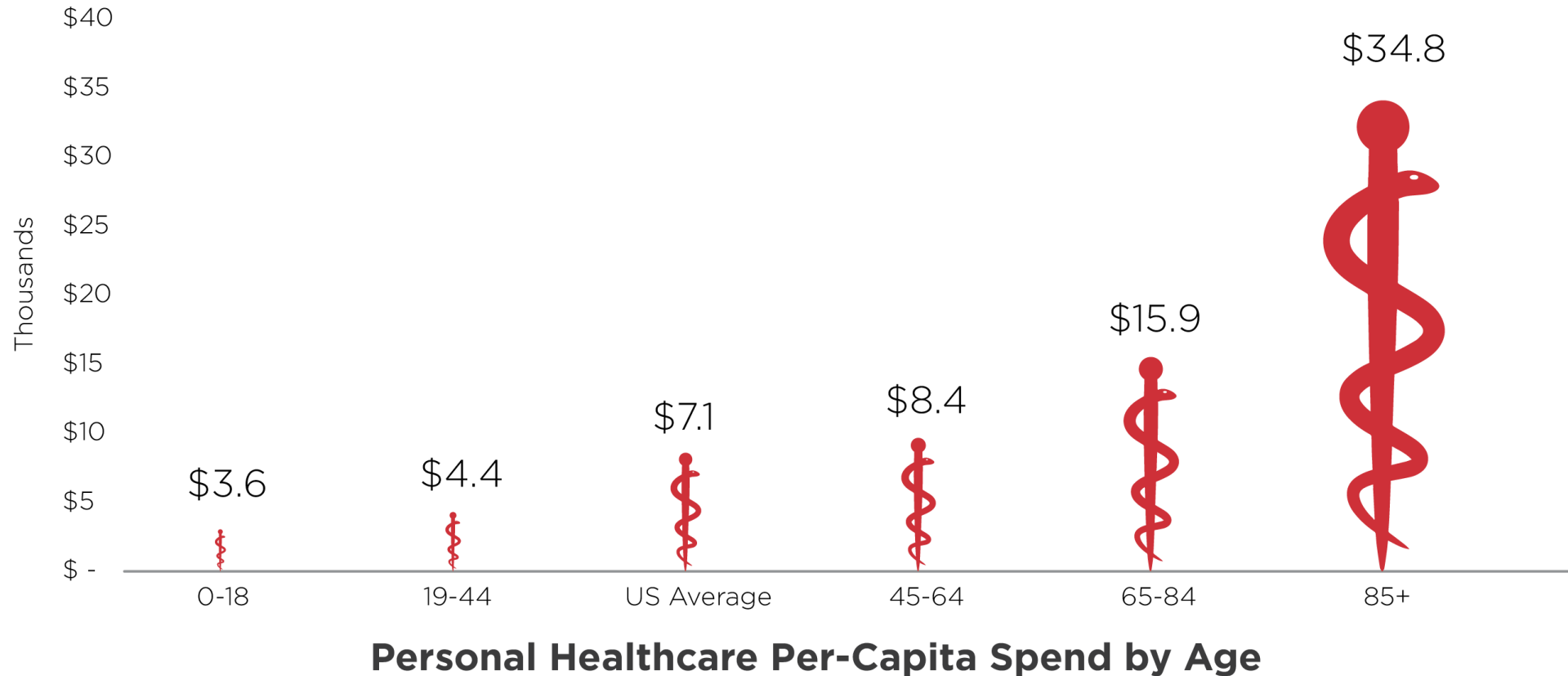


Powerful Demographic Tailwinds



85+ Population to Double in 20 Years

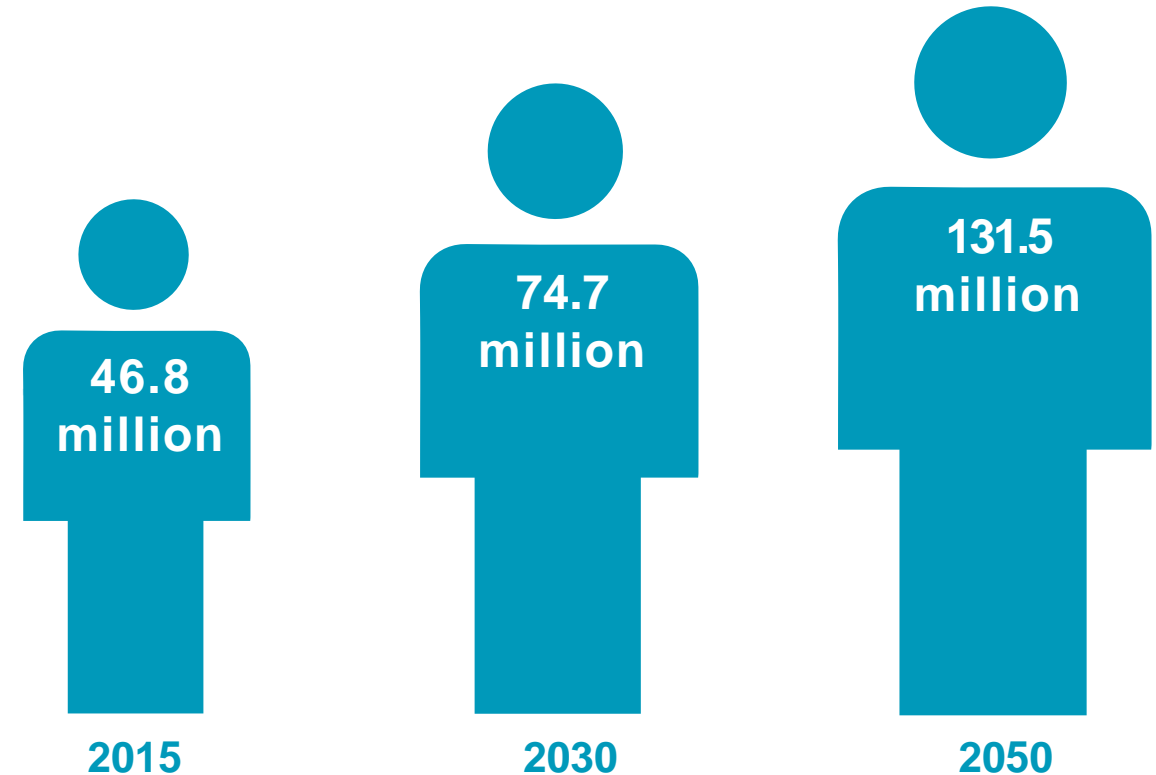
Aging Population Drives Health Care Spending



Source: National Health Expenditure, CMS. Data as of 9/30/2015.

Dementia / Alzheimer's: Residential Memory Care is the Answer

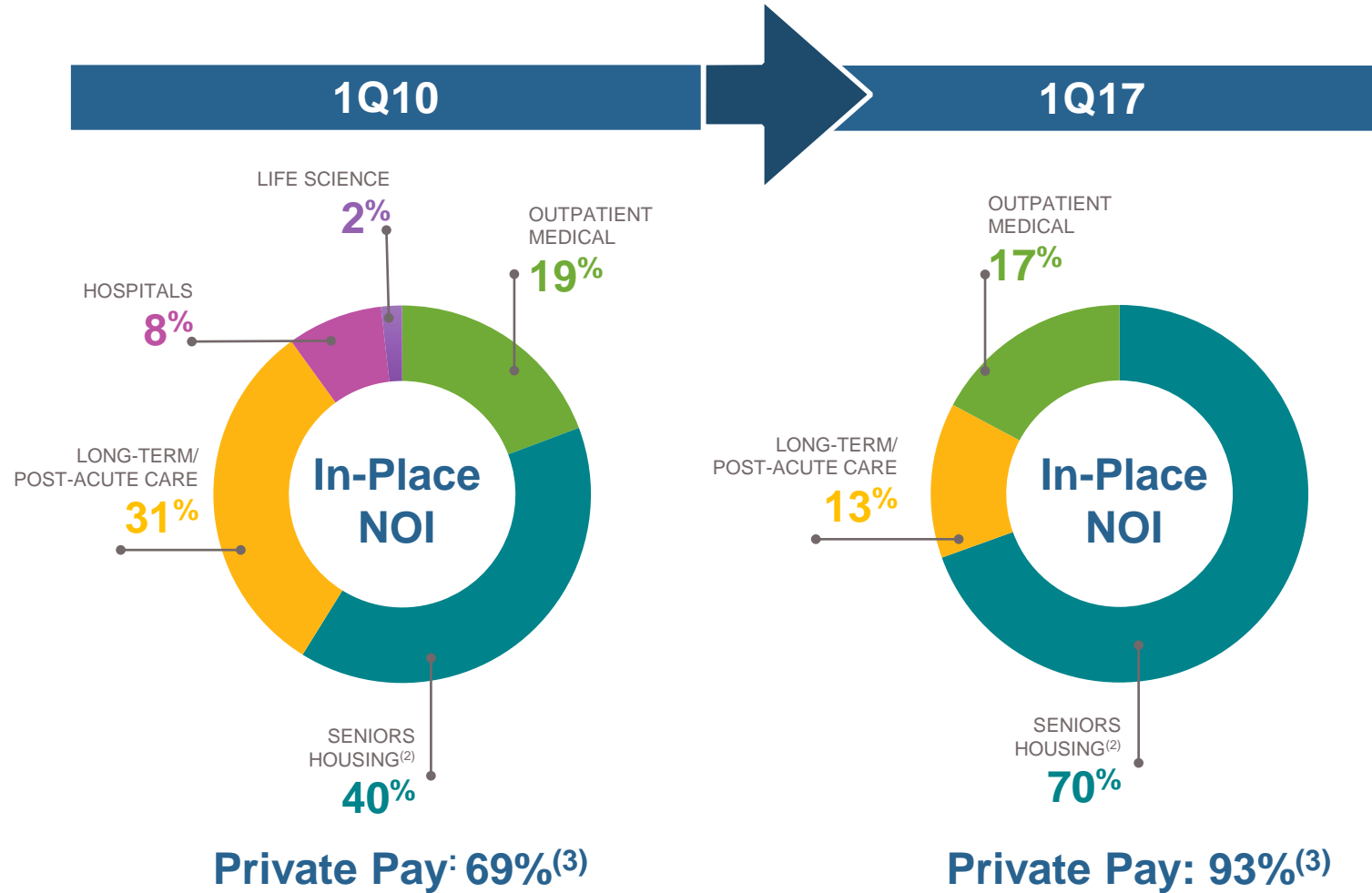
- Alzheimer's Disease is the only "Top 10 Cause of Death" in the U.S. that cannot be prevented, slowed or cured
- Number of people with dementia globally will almost double every 20 years
- Total estimated worldwide cost of dementia care will be \$1 trillion by 2018



Welltower's Unique Growth Platform



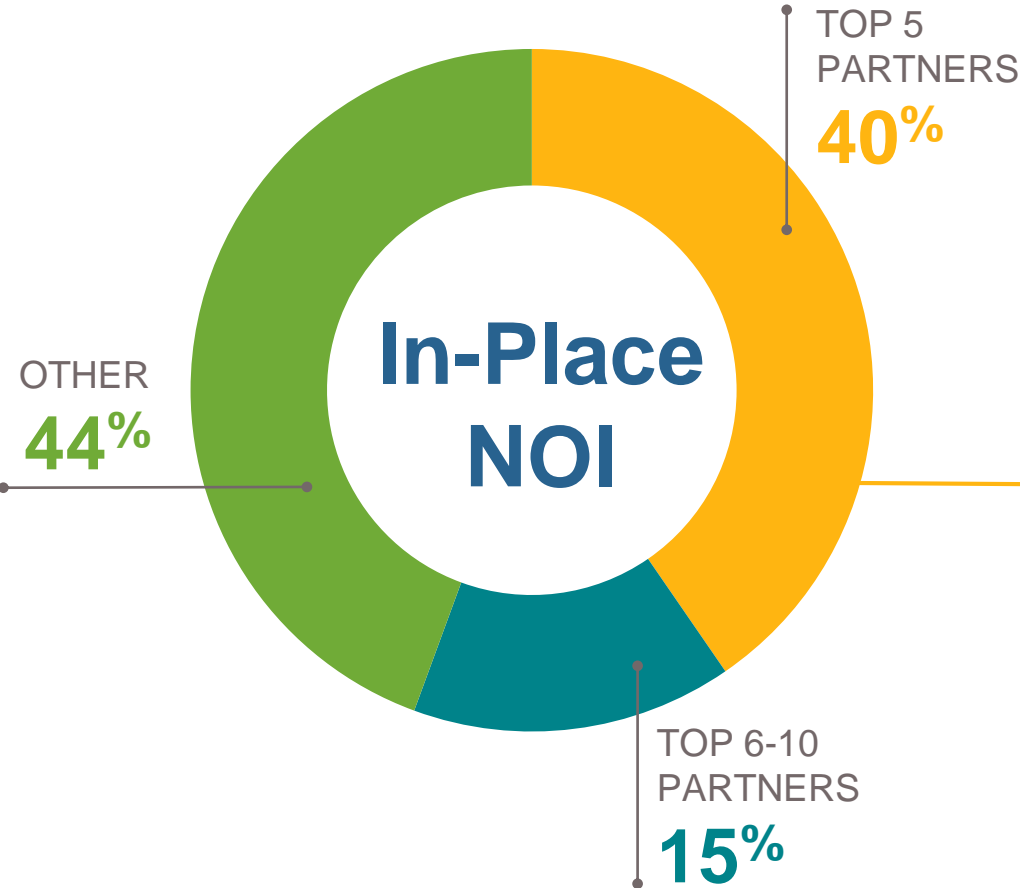
Portfolio Transformation⁽¹⁾








1. Based on In-Place NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.
 2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.
 3. Based on Facility Revenue Mix

Partner Diversification⁽¹⁾

1Q17



	15.5%
	7.6%
	7.0%
	5.7%
	4.4%

1. Based on 1Q17 In-Place NOI. Numbers may not add up to 100 due to rounding. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

The Definition of a “Class A” Health Care Portfolio

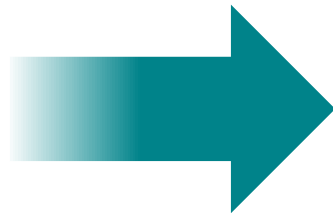
High Barrier to Entry Premier Markets



Best-In-Class Operating Partners



Active Portfolio Management



Midtown Manhattan Development



Merrill Gardens at the University, Seattle, WA



Chartwell Toronto Development



Welltower Outpatient Center, Beverly Hills, CA



Sunrise Connecticut Avenue, Washington, D.C.

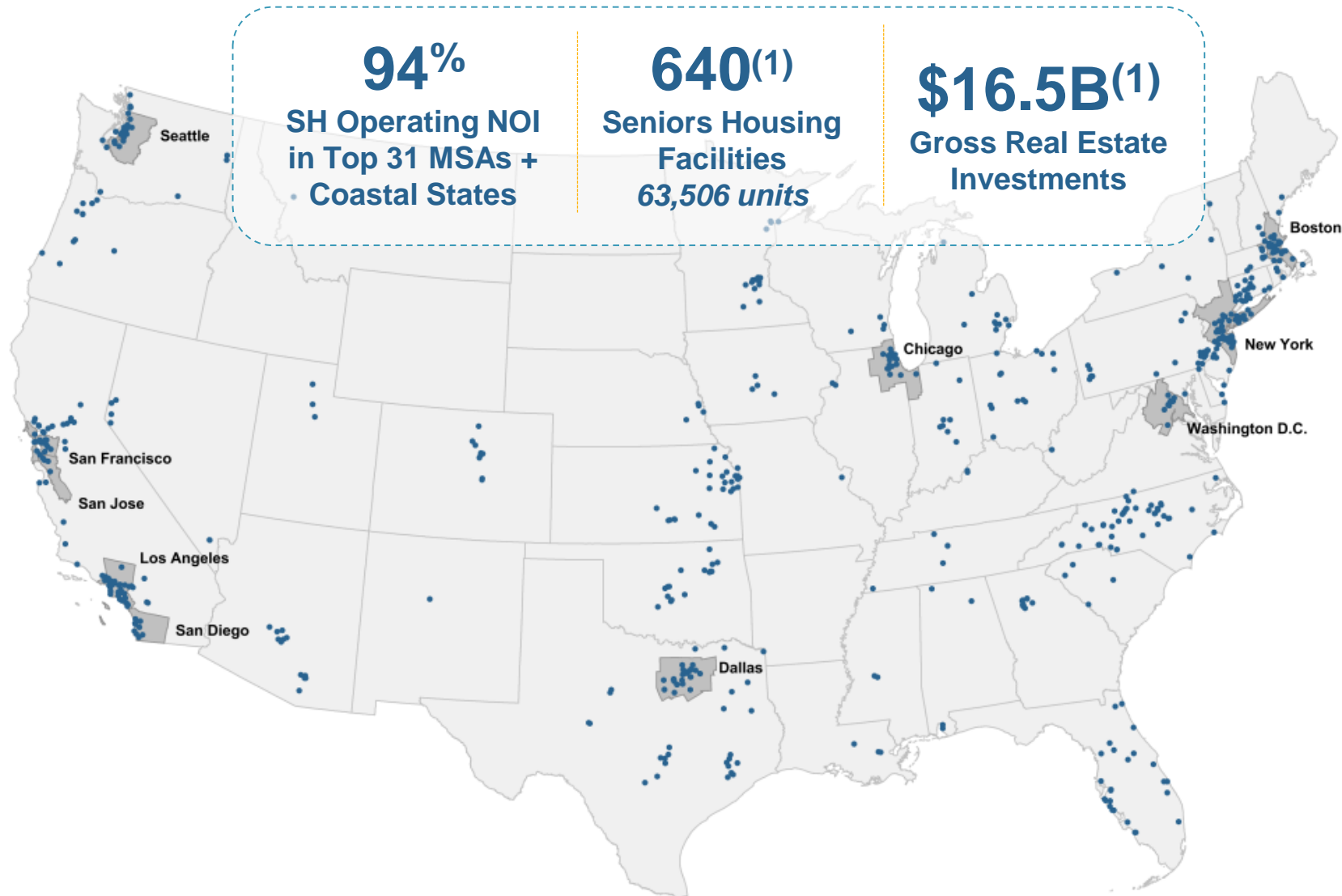
Welltower Family of Brands



\$755mm⁽¹⁾
PER QUARTER OF REPEAT
BUSINESS WITH EXISTING
PARTNERS

1. Quarterly average of gross investments with existing partners from 1/1/2013 - 3/31/2017.

U.S. Seniors Housing Portfolio: Major Urban Market Focus



94%
SH Operating NOI
in Top 31 MSAs +
Coastal States

640⁽¹⁾
Seniors Housing
Facilities
63,506 units

\$16.5B⁽¹⁾
Gross Real Estate
Investments

TOP US MARKETS (% OF SH OPERATING NOI)

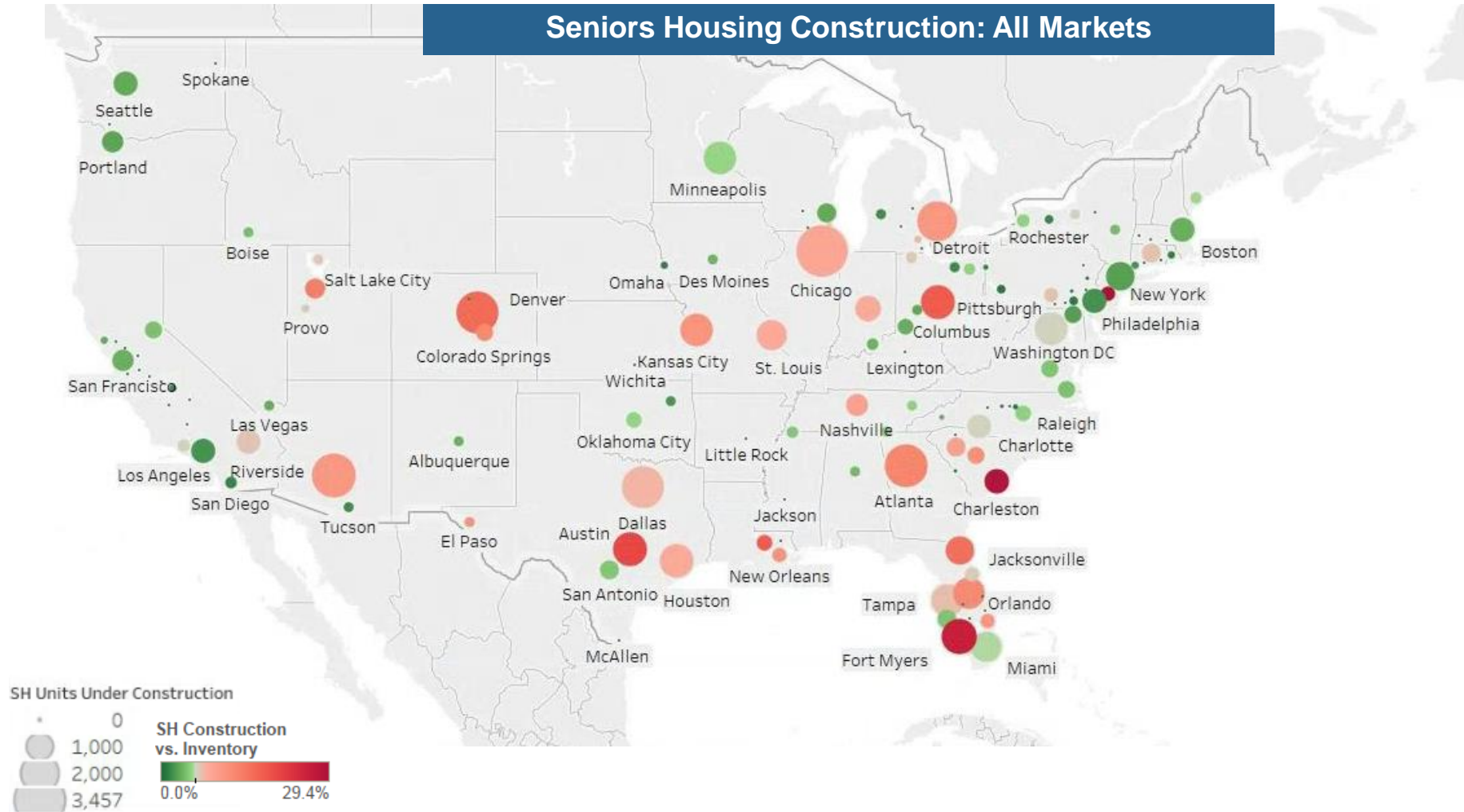
Los Angeles	15.5%
Boston	10.0%
New York	7.8%
San Francisco	5.5%
San Diego	4.9%
Chicago	4.3%
Washington, D.C.	3.7%
Seattle	2.9%
San Jose	2.8%
Dallas	2.1%

Data as of 3/31/2017. NOI data based on In-Place US SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

1) Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.

Strategic Focus: Urban, High Barrier to Entry Markets

Seniors Housing Construction: All Markets



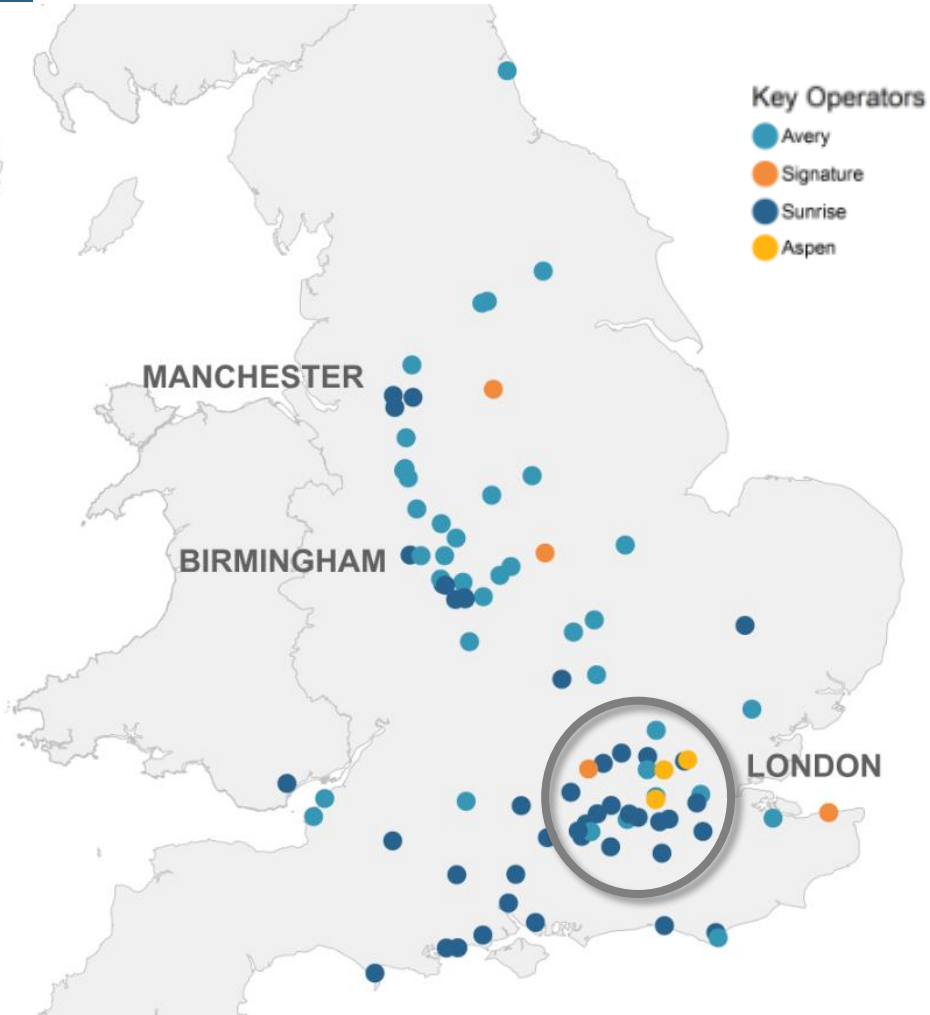
TOP US MARKETS⁽¹⁾ (% OF SH OPERATING NOI)

Los Angeles	15.5%
Boston	10.0%
New York	7.8%
San Francisco	5.5%
San Diego	4.9%
Chicago	4.3%
Washington, D.C.	3.7%
Seattle	2.9%
San Jose	2.8%
Dallas	2.1%

Source: NIC MAP® Data Service data as of 3/31/2017

1. Data as of 3/31/2017. NOI data based on In-Place US SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation

UK Portfolio | Urban, High Barrier to Entry Markets



UK

91%

SH Operating NOI in Greater London & Southern England

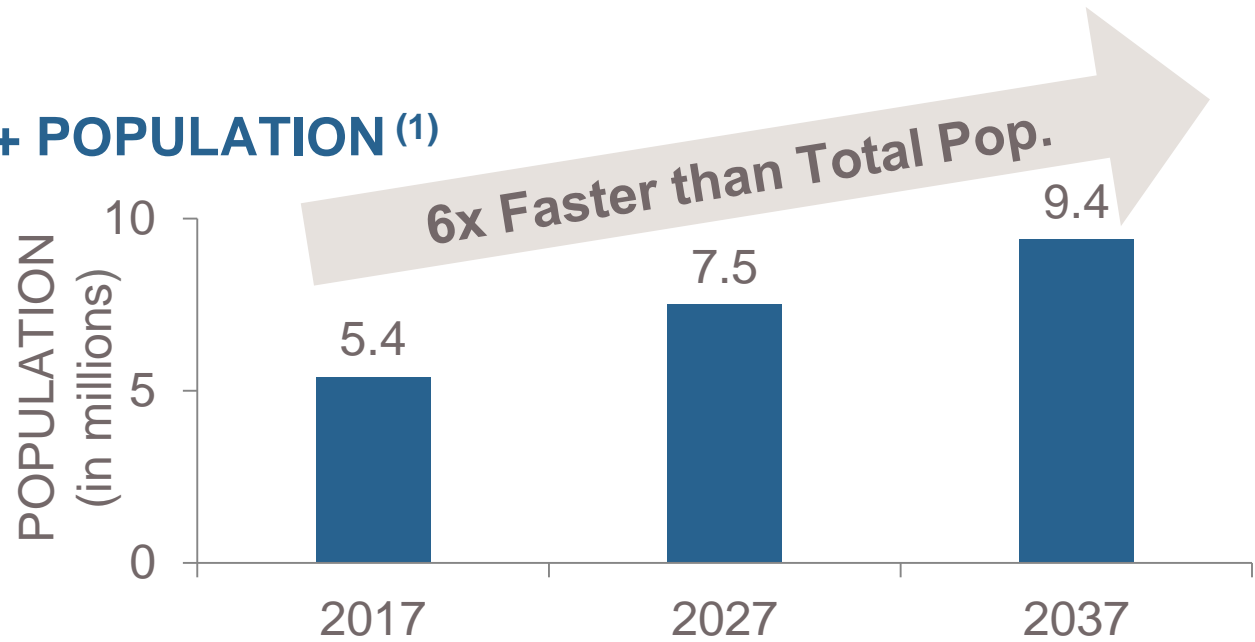
98⁽²⁾

Facilities

\$2.4B⁽²⁾

Gross Real Estate Investments

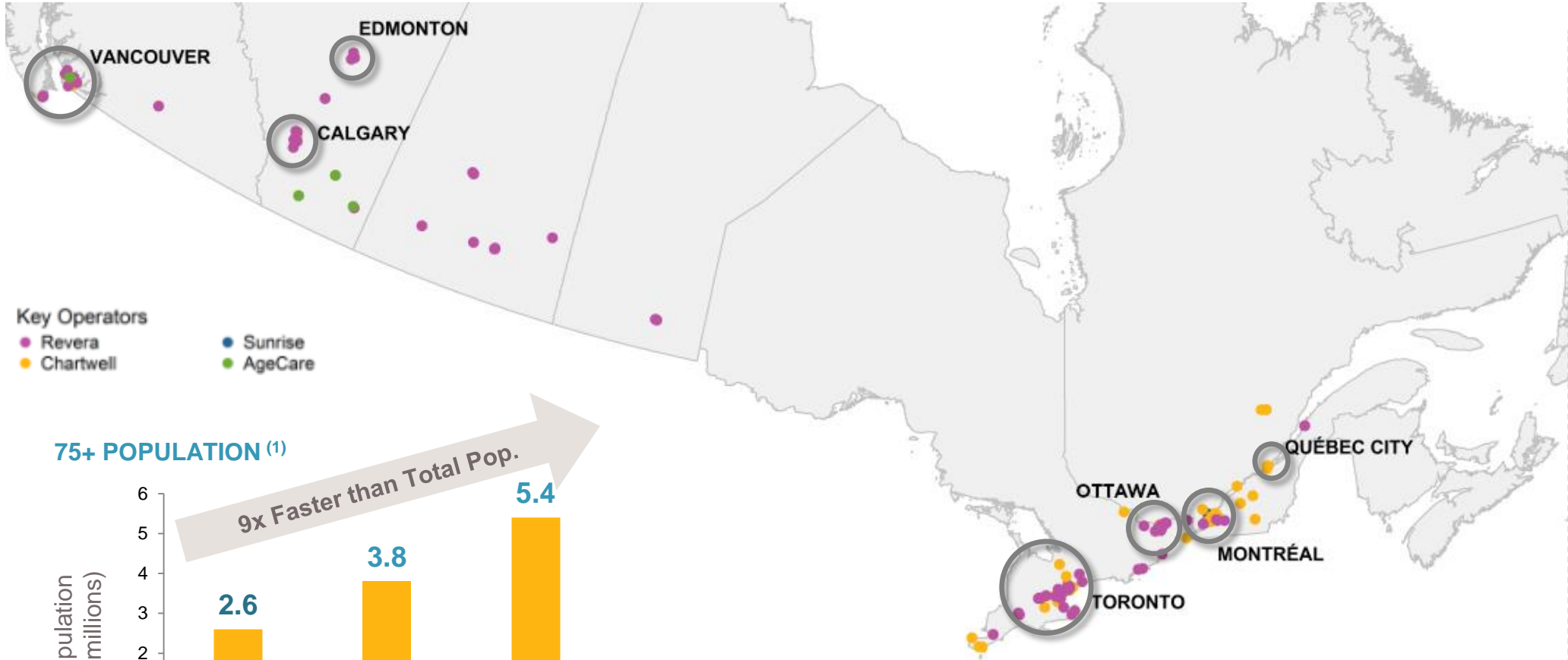
75+ POPULATION ⁽¹⁾



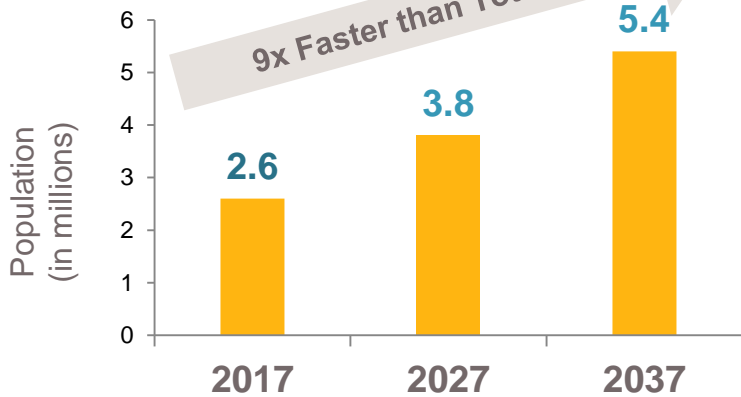
Data as of 3/31/2017. NOI data based on In-Place UK SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

1. UK data, source: Office for National Statistics.
 2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.

Canadian Portfolio | Urban, High Barrier to Entry Markets



75+ POPULATION ⁽¹⁾



76%

SH Operating NOI in Top 10 Canadian MSAs

145⁽²⁾

Facilities

\$2.7B⁽²⁾

Gross Real Estate Investments

Data as of 3/31/2017. NOI data based on In-Place Canadian SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

1. Canadian data, source: Statistics Canada.
2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.

Urban Market Focus: Midtown Manhattan Development



DEMAND FACTORS

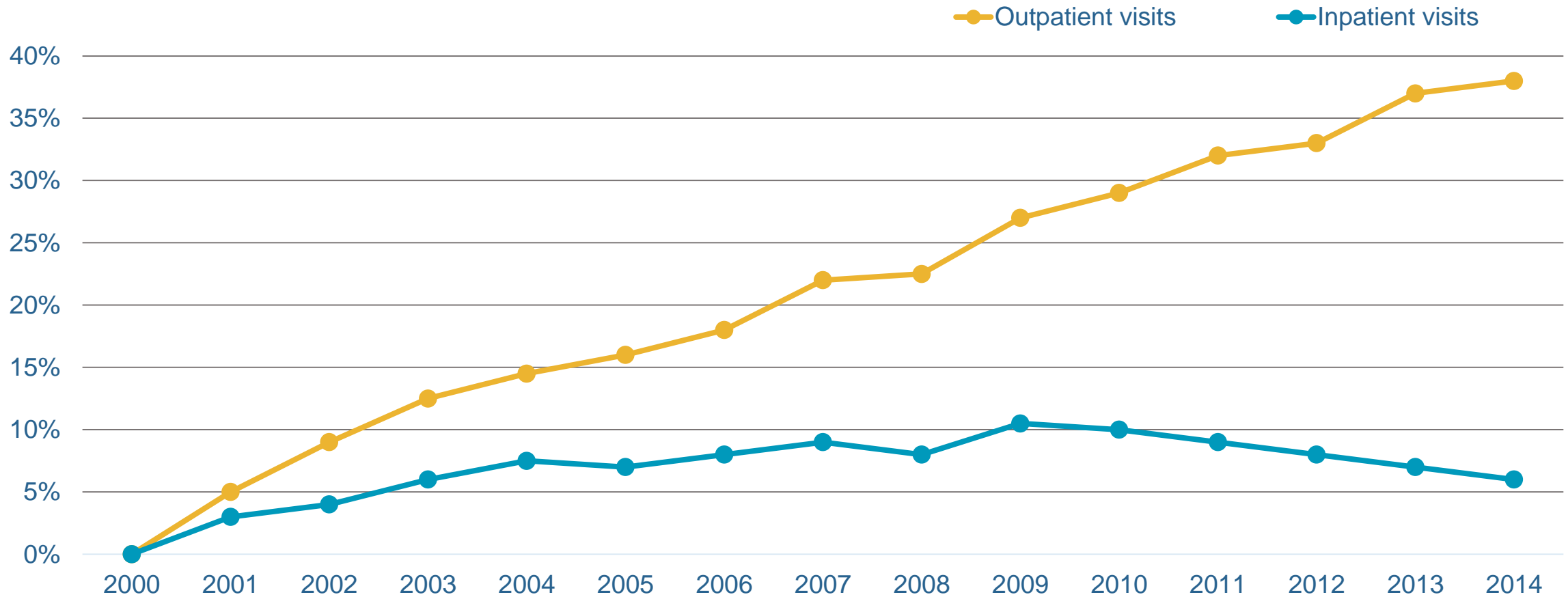
- Manhattan has a vast, highly under-served population of aging New Yorkers
- Current availability of assisted living is 5x less than national average
- Currently, only 70 fully licensed memory care beds in Manhattan
- >30,000 geriatric patients discharged annually to health care facilities
- Demographic trends point to significant elderly population growth
- Anticipated delivery: 2019; Anticipated opening: 2020

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SUNRISE.
EAST
56

Hines

Outpatient Will Continue to Dominate Care Delivery

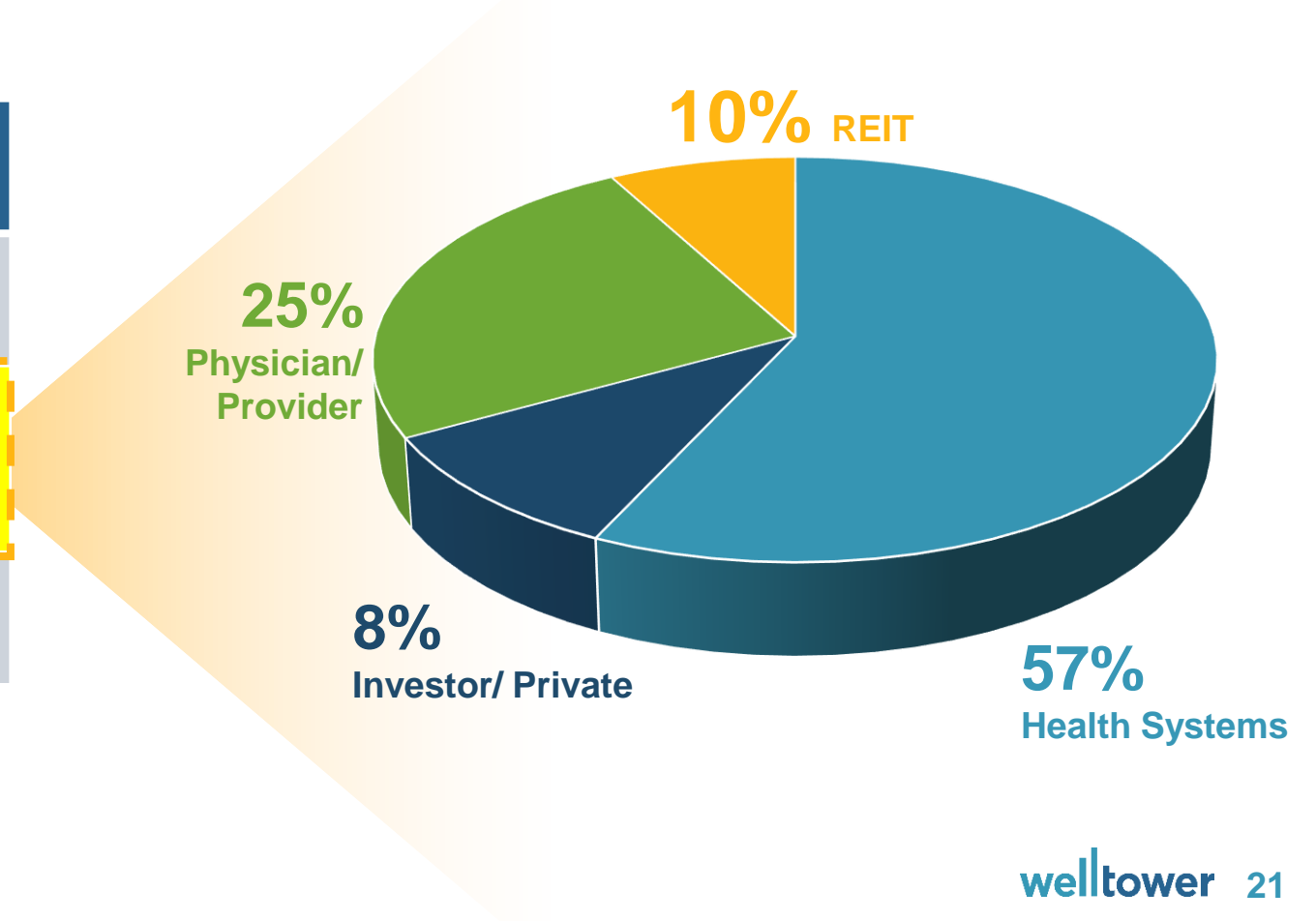


**36% increase in total outpatient visits since 1999,
compared with 6% rise in inpatient visits**

Outpatient Medical Growth Opportunity

Health Systems & Physicians Currently Own ~82% of Outpatient Medical Real Estate

	Properties	Total Value	Total Sq. Feet
Hospital	5,606	\$596B	1.6B
Outpatient	37,322	\$363B	1.4B
TOTALS	42,928	\$959B	2.9B



Welltower's Full Service Outpatient Medical Group

\$5.6B

INVESTED IN 255
PROPERTIES

16,000,000
OUTPATIENT
MEDICAL VISITS⁽³⁾

99%
IN-HOUSE
MANAGED
PROPERTIES AS
% OF SF⁽²⁾

95%

HEALTH SYSTEM
AFFILIATED AS %
OF NOI⁽¹⁾

Welltower proudly serves
many of the nation's top
health systems



Data as of 3/31/2017 and relates to Core portfolio which excludes held for sale, and includes Aspen UK properties.

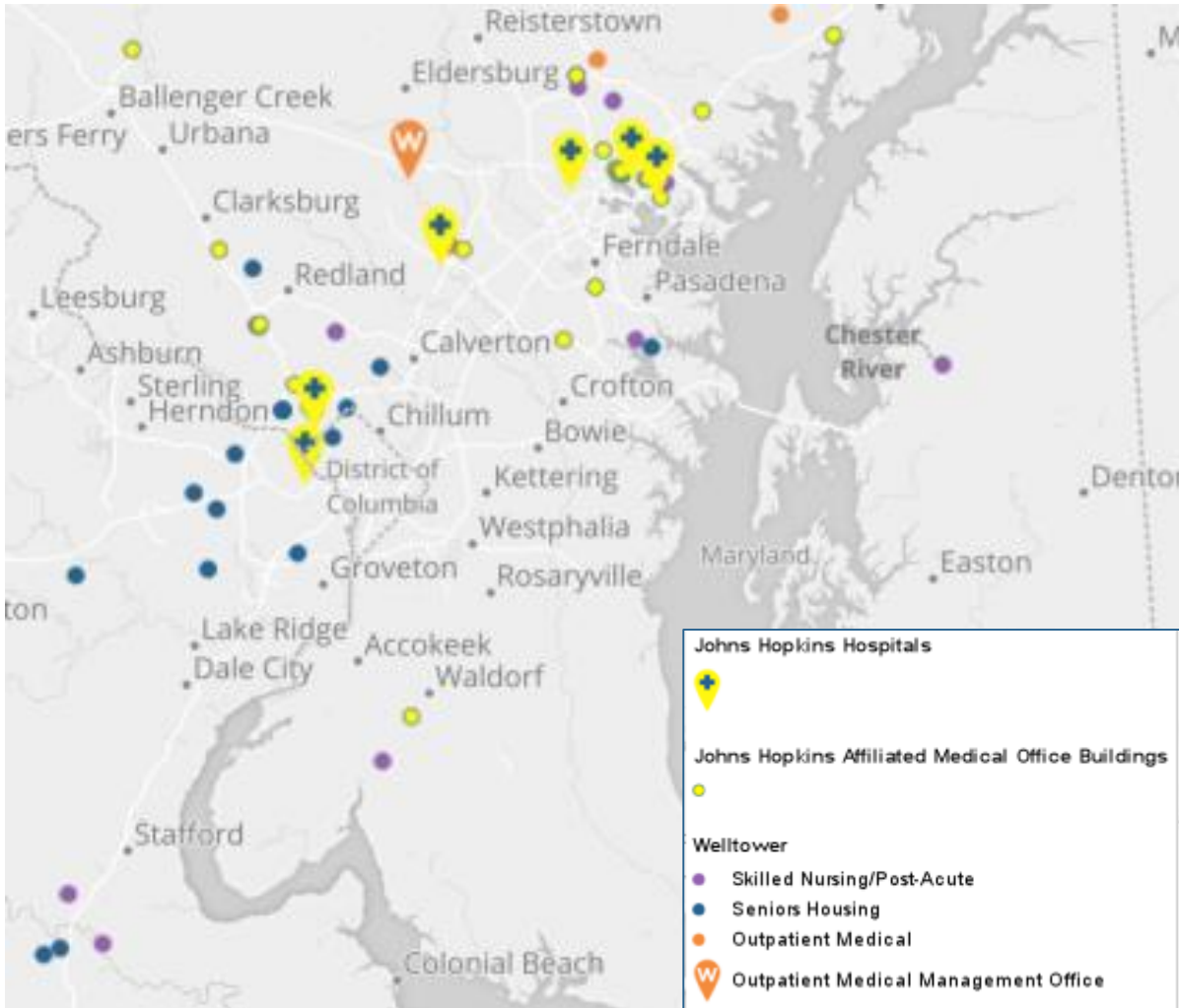
1. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

2. Includes only multi-tenant properties.

3. Based on internal estimates derived from trailing twelve-month facility level data.

Welltower & Johns Hopkins Collaboration

Strategic alliance supports modern, efficient health care infrastructure and innovative care



Welltower Market Footprint

- 50 Seniors Housing Communities
- 42 Post Acute Care Facilities
- 12 Outpatient Medical Buildings

8,214¹ **104**
RESIDENTS PROPERTIES

Hopkins Footprint

- 6 Hospitals
- 4 Surgery Centers
- 30 Outpatient Sites

Joint Initiatives

- Measure quality outcomes in AL and MC
- Educational programs for patients and care givers
- Asses market opportunities
- Deliver better care at a lower cost

1. Based on internal estimates derived from trailing twelve-month facility level data.

Connecting Outpatient Medical, Post Acute Care and Seniors Housing



- In Voorhees, New Jersey, a suburb of Philadelphia, Welltower has connected three of its partners to create a collaborative care model known in the local community as the “Medical Mile.”
- Three innovative health facilities are located within one mile of each other along the Route 73 corridor:
 - A new outpatient facility for Virtua Voorhees Hospital
 - A post acute care Genesis PowerBack Rehabilitation Facility
 - Brandywine Living Community

Financial Summary



Significant Balance Sheet Strength

Moody's

Baa1

Stable

S&P

BBB+

Stable

Fitch

BBB+

Stable



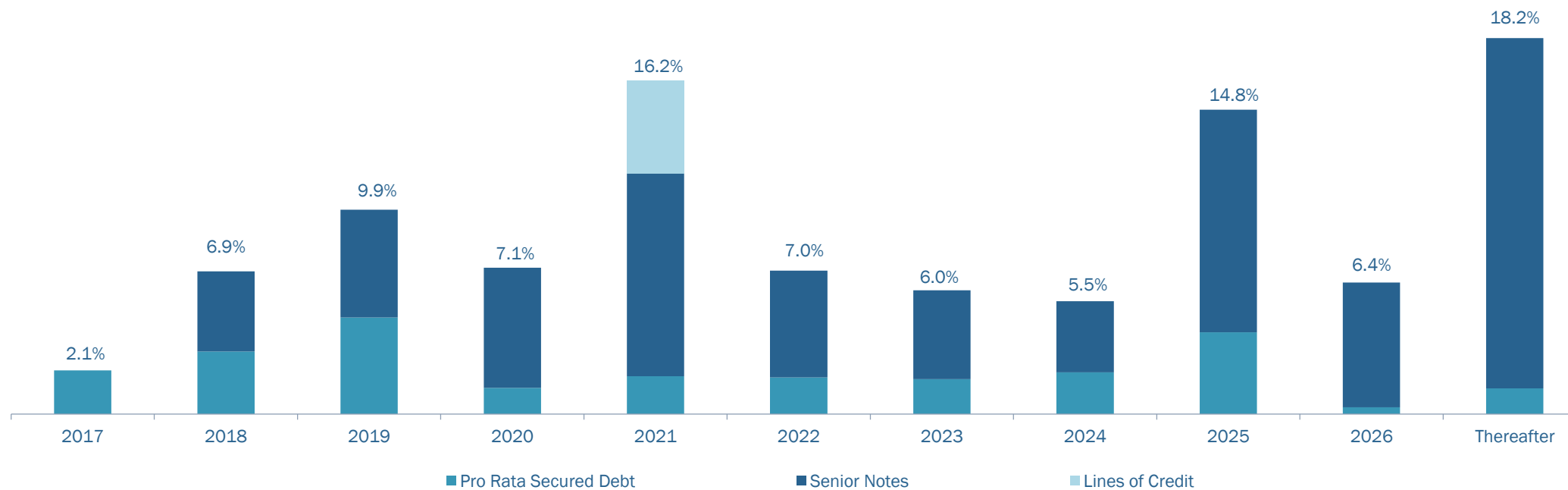
RATIO	4Q13 ⁽²⁾	1Q17 ⁽²⁾	Improvement
NET DEBT / UNDEPRECIATED BOOK CAP ⁽¹⁾	42.5%	35.8%	↓ 670 bps
NET DEBT / ENTERPRISE VALUE ⁽¹⁾	38.3%	28.8%	↓ 950 bps
NET DEBT / ADJUSTED EBITDA ⁽¹⁾	6.1x	5.3x	↓ 0.8x
ADJUSTED INTEREST COVERAGE	3.4x	4.3x	↑ 0.9x
ADJUSTED FIXED CHARGE COVERAGE	2.7x	3.5x	↑ 0.8x

1. Net debt represents total debt minus cash.

2. Represents three months ended 4Q13 and 1Q17. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

Balanced and Manageable Debt Maturity Profile

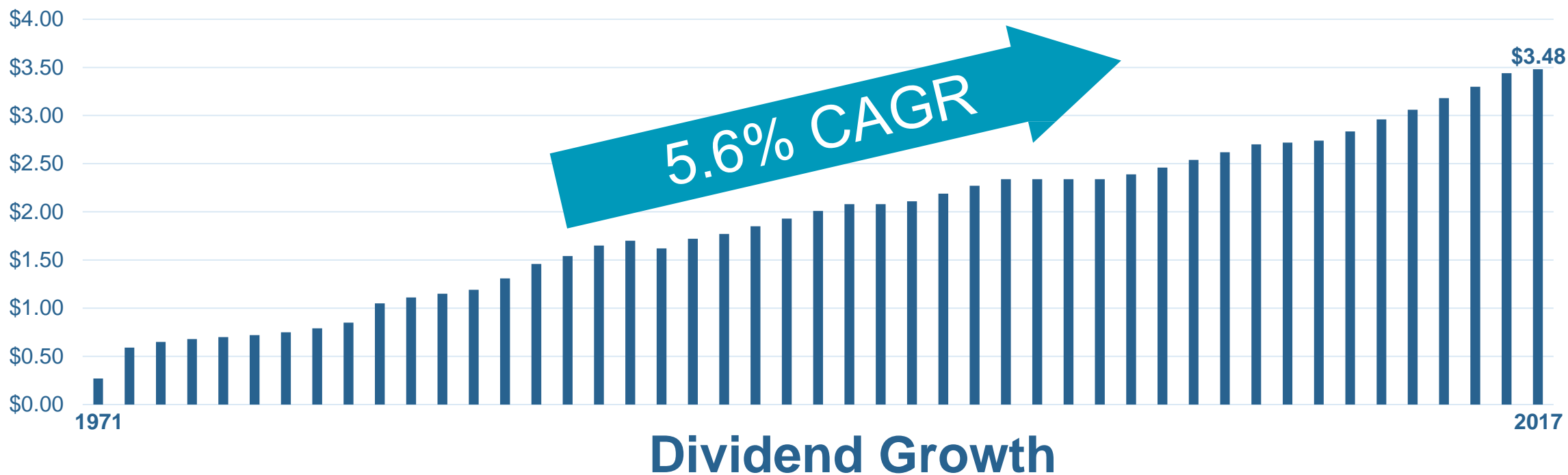
Weighted average maturity of 7.5 years



in millions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Thereafter
Unsecured Debt	-	\$450	\$605	\$675	\$1,660	\$600	\$500	\$400	\$1,250	\$700	\$1,966
Pro Rata Secured Debt	\$245	\$351	\$542	\$147	\$212	\$205	\$195	\$234	\$458	\$38	\$145
Total (\$mm)	\$245	\$801	\$1,147	\$822	\$1,872	\$805	\$695	\$634	\$1,708	\$738	\$2,111

Data as of 3/31/2017 in USD. Represents pro rata principal amounts due excluding unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

Focus On Delivering Outstanding Returns



4.9%
Dividend Yield (1)

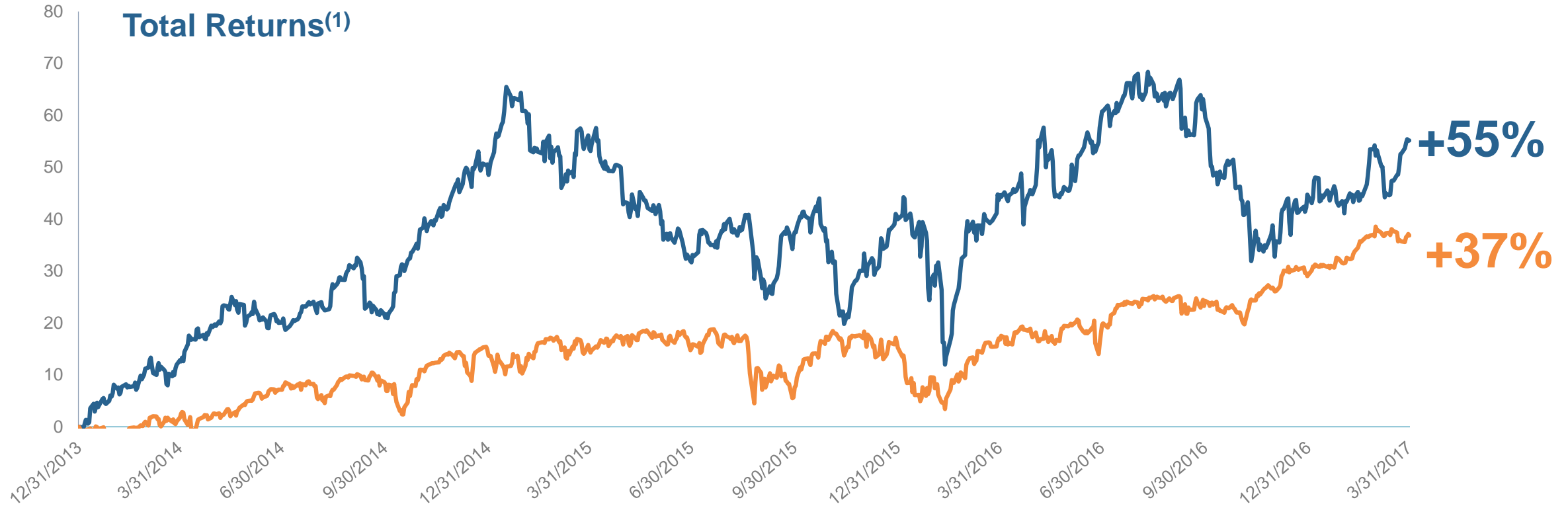
83%
FFO Payout Ratio (2)

1. Data as of 3/31/2017, adjusted for stock splits. The 2017 dividend represents the approved dividend rate for 2017, subject to quarterly review by the Board of Directors.

2. Data for three months ending 3/31/2017. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

Consistently Outperforming S&P 500

Welltower
S&P 500



15.3% Average Annual Return Since Inception (1)

1. Data as of 3/31/2017, adjusted for stock splits. Total return assumes reinvestment of dividends.

Performance Driven Strategy

welltower



Investment in the
"Silver Economy" &
Aging



Best-in-Class
Real Estate &
Operating
Partners



Superior Internal
& External Growth



Significant and
Stable Dividend
Income



Investment Grade
Balance Sheet &
Outstanding Access to
Capital

Appendix



Recognized For Sustainable Business Practices

One of eight real estate companies named to Dow Jones Sustainability North America Index (DSJI)

CDP Climate Change Score of A- (Leadership Band), S&P edition, 2016 Global Climate Change Report



NAREIT Leader in Light Award - Health Sector 2016

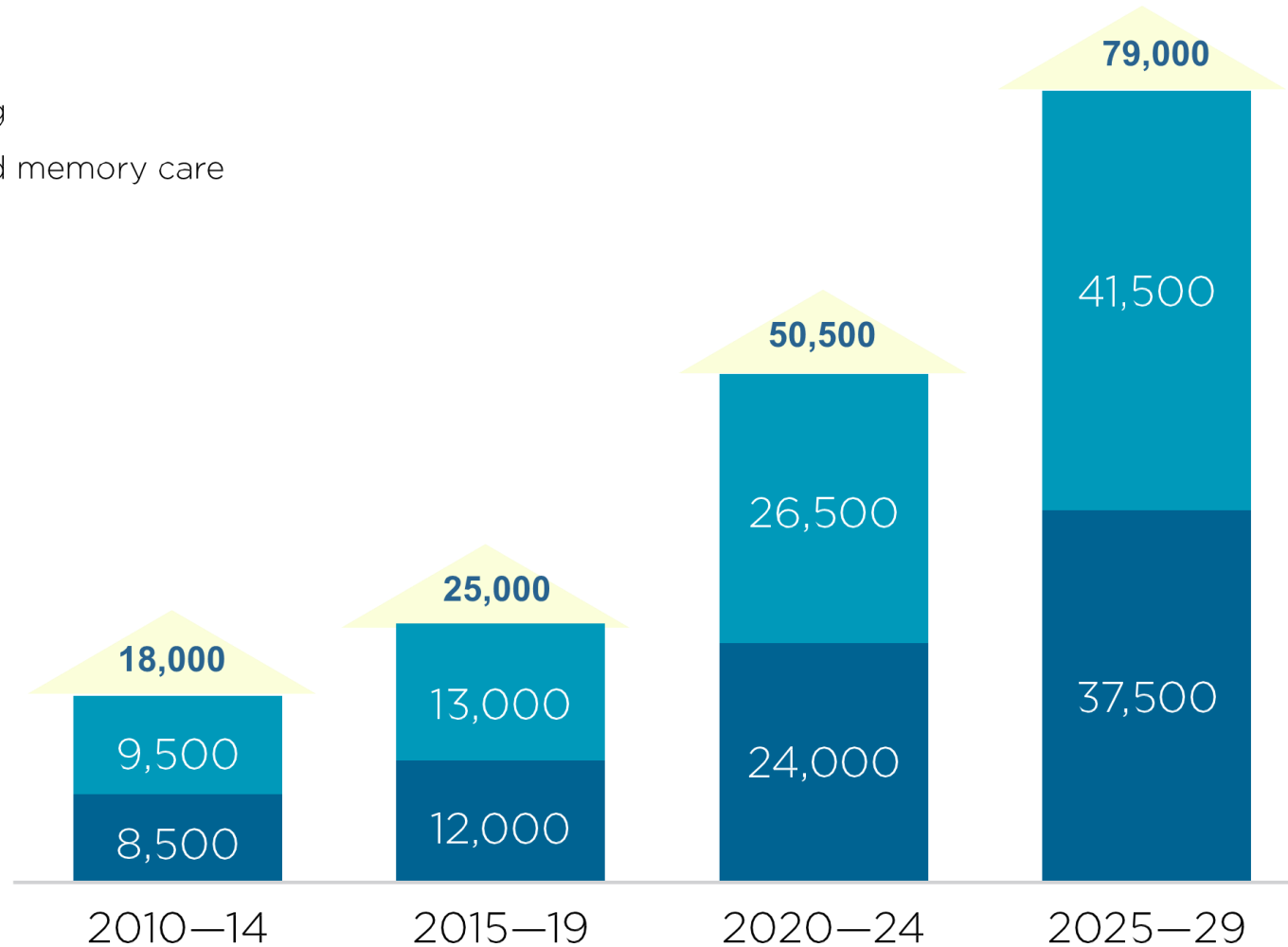
57 Energy Star Certified
9 LEED Certified



Strong Growth in Projected Demand for Seniors Housing

PROJECTED ANNUAL DEMAND GROWTH FOR SENIORS HOUSING UNITS

- Independent living
- Assisted living and memory care



Source: Seniors Housing Analytics, PGIM-A silver lining: Investment Implications of an Aging World.

Growth Platform at the Intersection of Aging and Health Care

welltower Portfolio Mix⁽¹⁾



70% Seniors Housing⁽²⁾ (Independent Living, Assisted Living & Memory Care)

- Invest in top metro markets with high barriers to entry, concentrated along U.S. coastlines
- Strategic partnerships with best-in-class, privately held operators
- Scale that drives efficiencies across assisted living and memory care platforms
- Increased NOI and operational upside from partnership management philosophy

13% Long Term, Post-Acute Care

- Selective investments in higher acuity/higher impact skilled nursing facilities (e.g., Powerback model)
- Right size exposure to NOI and balance sheet

17% Outpatient Medical

- Full service outpatient medical group overseeing 17.0M square feet of space
- 95% affiliated with health systems as a percentage of NOI
- Growing MOB portfolio at the forefront of evolving care delivery

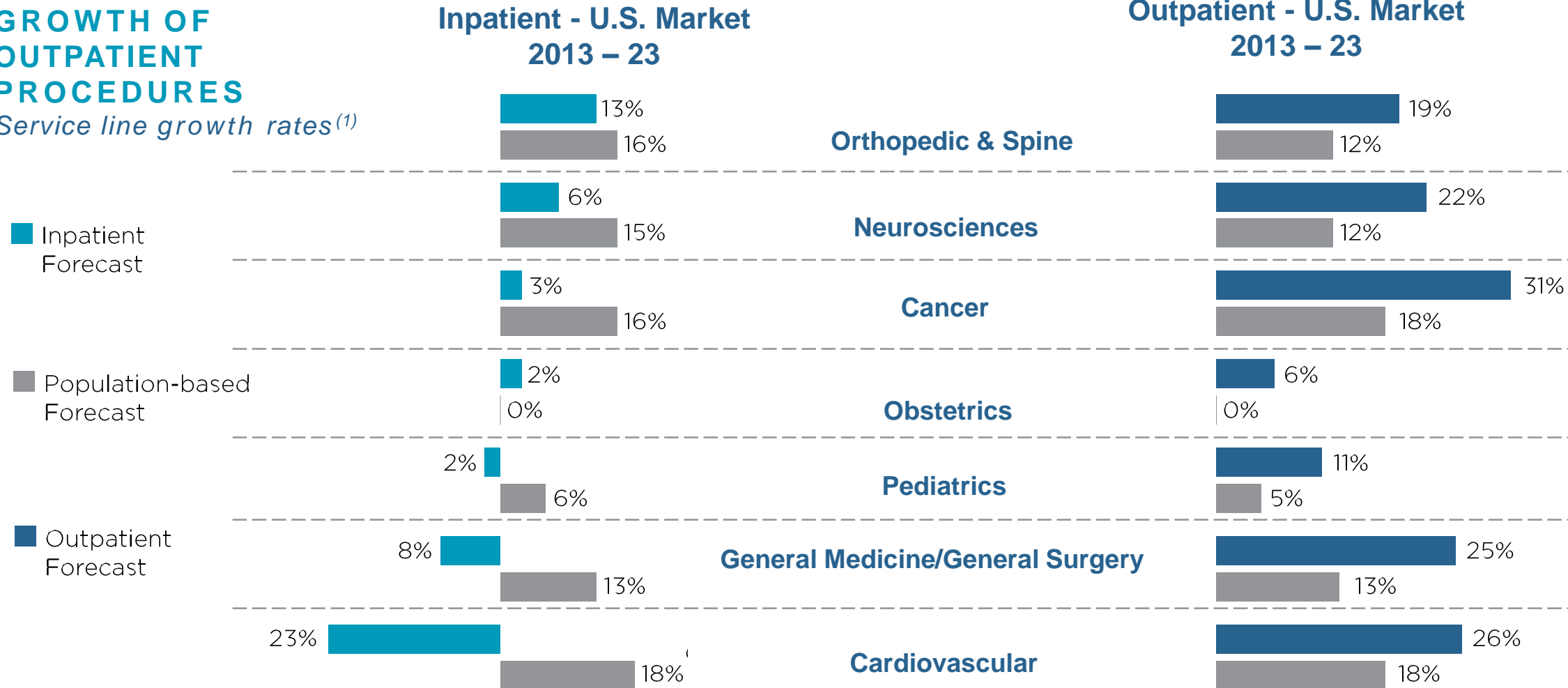
Capital-efficient,
sustainable
growth supporting
long term stable
income.

1. Based on In-Place NOI for 1Q17. Please see non-GAAP financial measures and reconciliations at the end of this presentation
2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.

Procedures Driving Outpatient Medical Growth

GROWTH OF OUTPATIENT PROCEDURES

Service line growth rates⁽¹⁾



(1) Source: Sg2 Analytics

Superior Assets Lead to Superior Operating Results

Outpatient Medical

	Welltower ⁽¹⁾	Outpatient Medical Peers ⁽²⁾
Occupancy	95%	91%
Property Size <i>Square Feet</i>	66,753	63,205
Health System Affiliation⁽³⁾	95%	95%
NOI Margin	68%	67%
NOI per Square Foot <i>Annualized</i>	\$22.04	\$19.32
Lease Expirations⁽⁴⁾ <i>Through 2020</i>	27.5%	52%
In-house Managed⁽⁵⁾	99%	<i>Data Not Available</i>

1. Data as of 3/31/2017. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

2. Peers include HCP, HR, HTA, VTR. Peer data is as of 12/31/16.

3. Welltower percentage based on NOI. Peers based on square feet.

4. Based on occupied square feet.

5. As a percentage of square feet. Includes only multi-tenant properties.

Superior Assets Lead to Superior Operating Results

Post-Acute and Long-Term Care

	WELLTOWER PAC/LTC ⁽¹⁾	HC REIT Peers ⁽²⁾	Public Operators ⁽³⁾	Industry Benchmarks ⁽⁴⁾
Property Age <i>Years</i>	19	36	32	38
Occupancy	81%	82%	81%	82%
Quality Mix <i>Private & Medicare Revenue %</i>	63% ⁽⁵⁾	52%	52%	47%
EBITDARM Coverage	1.67x	1.68x	<i>Data Not Available</i>	<i>Data Not Available</i>
EBITDARM per Bed <i>Annual</i>	\$21,193	\$16,724	\$14,076	<i>Data Not Available</i>

1. Welltower data as of 12/31/2016 for stable portfolio. EBITDARM Coverage and EBITDARM per bed figures represent trailing twelve months results. EBITDARM represents earnings before interest, taxes, depreciation, amortization, rent and management fees. The company uses unaudited, periodic financial information provided solely by tenants/borrowers to calculate EBITDARM and has not independently verified the information.

2. Average T4Q 4Q16 results obtained from publicly available documents for the following peers: OHI/AVIV, VTR (SNF only), HCP, CCP, LTC and SBRA.

3. Average T4Q 4Q16 results obtained from publicly available documents for the following publicly traded skilled nursing operators: GEN, DVCR, ENSG, NHC and KND (SNF only).

4. Property age per 1Q17 NIC MAP for Majority NC Properties in the primary and secondary markets; occupancy and quality mix per NIC Skilled Nursing Data Report, December 31, 2016 and reported in days. Quality Mix derived by Weight of Revenue per Patient Day [1-(Medicaid PPD Mix * Revenue PPD)] per NIC Skilled Nursing Data report as of December 31, 2016.

5. Per page 1 of 1Q17 Supplement.

Superior Assets Lead to Superior Operating Results

	US Seniors Housing				UK Seniors Housing	
	Welltower US RIDEA ⁽¹⁾	HC REIT Peers ⁽²⁾	Public Operators ⁽³⁾	Industry Benchmarks	Welltower UK RIDEA ⁽¹⁾	Industry Benchmarks
Property Age Years	15	19 ⁽⁴⁾	20 ⁽⁴⁾	21 ⁽⁵⁾	9	20 ⁽⁹⁾
Housing Value Median	\$506,769	\$269,207 ⁽⁴⁾	\$216,911 ⁽⁴⁾	\$197,980 ⁽⁶⁾	£435,130	£265,083 ⁽¹⁰⁾
Household Income Median	\$84,605	\$66,415 ⁽⁴⁾	\$61,049 ⁽⁴⁾	\$57,462 ⁽⁶⁾	<i>Data Not Available</i>	<i>Data Not Available</i>
REVPOR Monthly	\$6,974	\$4,301 ⁽⁷⁾	\$4,181 ⁽⁷⁾	\$4,524 ⁽⁵⁾	£6,485	£3,015 ⁽¹¹⁾
Adjusted SSREVPOR Growth Year-over-year	4.5%	2.5% ⁽⁷⁾	2.1% ⁽⁷⁾	2.7% ⁽⁵⁾	3.8%	2.8% ⁽¹¹⁾
SSNOI per Unit Annual	\$23,048	\$13,215 ⁽⁷⁾	\$112,571 ⁽⁷⁾	\$16,271 ⁽⁸⁾	£22,528	£8,339 ⁽¹¹⁾
Adjusted SSNOI Growth Year-over-year	1.0%	2.2% ⁽⁷⁾	0.8% ⁽⁷⁾	<i>Data Not Available</i>	8.1%	<i>Data Not Available</i>

Detailed Footnotes

1. Data as of 3/31/2017 for properties included in the seniors housing segment. Property age, housing value and household income are NOI-weighted as of March 31, 2017. The median housing value and household income is used for the US, and the average housing value and household income is used for the UK. Housing value, household income and population growth are based on a 3-mile radius. Growth figures represent average performance of Welltower's same store portfolio including adjustments for 2016 leap year. REVPOR is based on total 1Q17 results. Please see non-GAAP financial measures and reconciliations at the end of this presentation.
2. Average Trailing 4 quarters as of 12/31/2016 results for the following peers: HCP, NHI, SNH, and VTR. Housing value and household income are based on 5-mile radius median data.
3. Average Trailing 4 quarters as of 12/31/2016 results for the following publicly traded seniors housing operators: BKD, CSU and FVE. Housing value and household income are based on 5-mile radius median data.
4. Derived or obtained from BofAML research reports, NIC, Nielsen, and/or publicly available documents.
5. Per NIC 1Q17 Majority AL properties in primary and secondary markets.
6. US Median per Nielsen 2017.
7. Derived or obtained from publicly available documents as of 4Q16.
8. The State of Seniors Housing 2016. Represents 2015 results.
9. Property age per LaingBuisson, Care of Older People 27th Edition.
10. UK Average, CACI 2016 CI.
11. Knight Frank 2016 Care Homes Trading Performance Review and assumes a 5% management fee.

Financial Disclosures



Non-GAAP Financial Measures

Welltower Inc. believes that revenues, net operating income from continuing operations (NOICO), 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), Normalized Funds From Operations attributable to common stockholders (FFO), Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) and Adjusted EBITDA (A-EBITDA) to be useful supplemental measures of its operating performance. Excluding EBITDA and A-EBITDA, these supplemental measures are disclosed on a Welltower pro rata ownership basis.

Pro rata amounts are derived by reducing consolidated amounts for minority partners' noncontrolling ownership interests and adding Welltower's minority ownership share of unconsolidated amounts. Welltower does not control unconsolidated investments. While the company considers pro rata disclosures useful, they may not accurately depict the legal and economic implications of Welltower's joint venture arrangements and should be used with caution.

Welltower'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. Welltower'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 Welltower, 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.

NOI, IPNOI, SSNOI, REVPOR and SS REVPOR

As discussed in Note 17 to our consolidated financial statements, net operating income from continuing operations (NOICO) is used to evaluate the operating performance of the company's properties. We define NOI as the pro rata version of NOICO which is total revenues, including tenant reimbursements, less property operating expenses. Property operating expenses represent costs associated with managing, maintaining and servicing tenants for our seniors housing operating and outpatient medical properties. These expenses include, but are not limited to, property-related payroll and benefits, property management fees, marketing, housekeeping, food service, maintenance, utilities, property taxes and insurance. General and administrative expenses represent costs unrelated to property operations or transaction costs. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets.

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

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

Same store NOI (SSNOI) and same store REVPOR (SS REVPOR) are used to evaluate the performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. For purposes of SSNOI and SS REVPOR, same store is generally defined as those revenue-generating properties in the portfolio for the relevant reporting periods. Land parcels, loans, sub-leases, and entrance fee communities for periods prior to 1Q16 as well as any properties acquired, developed/re-developed, transitioned, sold or classified as held for sale during those periods are generally excluded from the same store amounts. Normalizers include adjustments and reclassifications that in management's opinion are appropriate in considering SSNOI or SS REVPOR, which are supplemental, non-GAAP performance measures. None of these adjustments or reclassifications, which may increase or decrease SSNOI, are reflected in our financial statements prepared in accordance with U.S. GAAP.

We believe NOI, IPNOI, SSNOI, REVPOR and SS REVPOR provide investors relevant and useful information because they measure the operating performance of our properties at the property level on an unleveraged basis. We use these metrics to make decisions about resource allocations and to assess the property level performance of our properties.

In-Place NOI Reconciliations

\$s in thousands at Welltower pro rata ownership	% of SHO by Country	% of SHO	Seniors housing operating	Seniors housing triple-net	Long-term/post-acute	Outpatient medical	Total	% of Total	% of Country
Annualized three months ended March 31, 2017									
New York	7.8%	5.6%	\$ 46,094	\$ 65,107	\$ 14,605	\$ 4,721	\$ 130,527	6.6%	7.9%
Los Angeles	15.5%	11.2%	91,634	2,398	-	20,961	114,993	5.8%	7.0%
Philadelphia	1.4%	1.0%	8,296	25,609	34,822	21,232	89,959	4.6%	5.4%
Dallas	2.1%	1.5%	12,305	28,020	5,177	28,840	74,342	3.8%	4.5%
Boston	10.0%	7.2%	59,118	1,723	11,567	1,069	73,477	3.7%	4.4%
Seattle	2.9%	2.1%	17,343	18,025	-	12,836	48,204	2.4%	2.9%
Chicago	4.3%	3.1%	25,200	11,295	5,043	3,444	44,982	2.3%	2.7%
San Francisco	5.5%	4.0%	32,766	11,551	-	-	44,317	2.2%	2.7%
Houston	1.1%	0.8%	6,622	2,531	1,488	24,959	35,600	1.8%	2.2%
Washington DC	3.7%	2.7%	21,866	3,797	8,303	-	33,966	1.7%	2.1%
San Diego	4.9%	3.5%	28,771	-	2,686	1,921	33,378	1.7%	2.0%
San Jose	2.8%	2.0%	16,414	-	-	1,572	17,986	0.9%	1.1%
Other Top 31 US MSAs and Coastal States	32.3%	23.4%	191,626	184,873	99,287	115,088	590,874	29.9%	35.7%
Other United States	5.7%	4.1%	33,940	128,540	72,724	85,416	320,620	16.3%	19.4%
Total United States	100.0%	72.2%	591,995	483,469	255,702	322,059	1,653,225	83.7%	100.0%
London	67.8%	6.4%	52,158	29,211	-	17,849	99,218	5.0%	61.8%
Other Southern England	23.1%	2.2%	17,760	25,996	-	-	43,756	2.2%	27.2%
Other United Kingdom	9.1%	0.8%	7,019	10,595	-	-	17,614	0.9%	11.0%
Total United Kingdom	100.0%	9.4%	76,937	65,802	-	17,849	160,588	8.1%	100.0%
Toronto	24.8%	4.6%	37,576	-	-	-	37,576	1.9%	23.3%
Ottawa	12.7%	2.3%	19,211	-	-	-	19,211	1.0%	11.9%
Calgary	6.5%	1.2%	9,876	-	6,590	-	16,466	0.8%	10.2%
Montreal	11.8%	2.2%	17,804	-	-	-	17,804	0.9%	11.0%
Vancouver	8.0%	1.5%	12,052	1,404	-	-	13,456	0.7%	8.3%
Other Top 10 Canadian MSAs	12.6%	2.3%	19,021	-	-	-	19,021	1.0%	11.8%
Remaining Canada	23.6%	4.3%	35,760	1,965	-	-	37,725	1.9%	23.5%
Total Canada	100.0%	18.4%	151,300	3,369	6,590	-	161,259	8.2%	100.0%
Total In-Place NOI ⁽¹⁾		100.0%	\$ 820,232	\$ 552,640	\$ 262,292	\$ 339,908	\$ 1,975,072	100.0%	
	% of Total			41.5%	28.0%	13.3%	17.2%	100.0%	
Notes:									
(1) Please refer to "In-Place NOI by Partner Reconciliations" for a reconciliation of In-Place NOI to net operating income from continuing operations.									

In-Place NOI by Partner Reconciliations

\$s in thousands	Three months ended 3/31/17	
Consolidated NOI from continuing operations (NOICO) ⁽¹⁾	\$	552,129
NOI attributable to unconsolidated		21,279
NOI attributable to noncontrolling		(27,542)
Pro rata net operating income (NOI)	\$	545,866
Interest income		(20,748)
Other income		(3,910)
Held for sale & dispositions		(16,696)
Non In-Place NOI		(13,529)
Timing adjustments ⁽²⁾		2,785
Total IP NOI	\$	<u>493,768</u>
Annualized In-Place NOI by partner		
Sunrise Senior Living North America	\$	228,184 11.6%
Sunrise Senior Living United Kingdom		77,192 3.9%
Brookdale Senior Living		149,619 7.6%
Genesis Healthcare		138,246 7.0%
Revera		113,269 5.7%
Benchmark Senior Living		87,022 4.4%
Partners # 6-# 10		302,473 15.4%
Remaining partners		879,067 44.4%
Total annualized in-place NOI		<u>1,975,072 100.0%</u>
		x 1/4
Total current quarter in-place NOI	\$	<u>493,768</u>
Notes:		
(1) Represents consolidated revenues less consolidated property operating expenses.		
(2) Represents timing adjustments for current quarter acquisitions, construction conversions and segment transitions.		

Historical NOI and In-Place NOI Reconciliations

\$s in thousands	Three months ended 3/31/17	
Net operating income from continuing operations (NOICO) ⁽¹⁾	\$	552,129
NOI attributable to unconsolidated investments		21,279
NOI attributable to noncontrolling interests		(27,542)
Pro rata net operating income (NOI)	\$	545,866
Interest income		(20,748)
Other income		(3,910)
Held for sale & dispositions		(16,696)
Non IP NOI		(13,529)
Timing adjustments ⁽²⁾		2,785
In-P lace NOI	\$	493,768
In-P lace NOI by country		
United States	\$	413,306 83.7%
United Kingdom		40,147 8.1%
Canada		40,315 8.2%
Total In-P lace NOI	\$	493,768 100.0%
In-P lace NOI by property type		
Long-Term/Post-Acute	\$	65,573 13.3%
Seniors Housing Triple-Net		138,160 28.0%
Outpatient Medical		84,977 17.2%
Seniors Housing Operating		205,058 41.5%
Hospital		- 0.0%
Life Science		- 0.0%
Total In-P lace NOI	\$	493,768 100.0%
Notes:		
(1) Represents consolidated revenues less consolidated property operating expenses.		
(2) Represents timing adjustments for current quarter acquisitions, construction conversions and segment transitions.		

\$s in thousands	Three months ended 3/31/10	
Net operating income from continuing operations (NOICO) ⁽¹⁾	\$	140,431
NOI attributable to unconsolidated investments		2,624
NOI attributable to noncontrolling interests		-
Pro rata net operating income (NOI)	\$	143,055
Interest income		(9,048)
Other income		(996)
Held for sale & dispositions		(185)
Non IP NOI		(5,346)
Timing adjustments		-
In-P lace NOI	\$	127,480
In-P lace NOI by country		
United States	\$	127,480 100.0%
United Kingdom		- 0.0%
Canada		- 0.0%
Total In-P lace NOI	\$	127,480 100.0%
In-P lace NOI by property type		
Long-Term/Post-Acute	\$	39,638 31.1%
Seniors Housing Triple-Net		50,433 39.6%
Outpatient Medical		24,660 19.3%
Seniors Housing Operating		- 0.0%
Hospital		10,456 8.2%
Life Science		2,293 1.8%
Total In-P lace NOI	\$	127,480 100.0%
Notes:		
(1) Represents consolidated revenues less consolidated property operating expenses.		

SSNOI Reconciliations

(dollars in thousands)	Three Months Ended						Y/o/Y
	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17		
Consolidated NOI from continuing operations ⁽¹⁾	\$ 597,414	\$ 617,825	\$ 605,453	\$ 583,486	\$ 552,129		
NOI attributable to unconsolidated investments	16,006	16,881	17,179	16,467	21,279		
NOI attributable to noncontrolling interests	(24,804)	(27,156)	(27,124)	(28,151)	(27,542)		
Pro rata net operating income (NOI)	\$ 588,616	\$ 607,550	\$ 595,508	\$ 571,802	\$ 545,866		
Seniors Housing Triple-net							
NOI	\$ 163,739	\$ 165,258	\$ 163,388	\$ 162,540	\$ 162,273		
Non-cash NOI on same store properties	(5,258)	(4,831)	(4,690)	(4,633)	(3,990)		
NOI attributable to non-same store properties	(29,630)	(30,085)	(29,088)	(27,642)	(27,794)		
Currency and ownership adjustments ⁽²⁾	(4,546)	(4,626)	(3,539)	(2,934)	(1,665)		
Normalizing adjustments for rent reallocations ⁽³⁾	179	186	186	62	-		
SSNOI	124,484	125,902	126,257	127,393	128,824		3.5%
Long-Term/Post-Acute Care							
NOI	143,223	143,676	145,933	115,631	89,316		
Non-cash NOI on same store properties	(12,134)	(10,251)	(10,217)	(9,874)	(7,517)		
NOI attributable to non-same store properties	(59,178)	(59,724)	(61,772)	(33,411)	(19,390)		
Currency and ownership adjustments ⁽²⁾	(9,678)	(10,102)	(10,083)	(9,072)	(13)		
Normalizing adjustments for rent reallocations ⁽³⁾	(190)	(1935)	(1936)	(1133)	-		
SSNOI	60,332	61,664	61,925	62,141	62,396		3.4%
Seniors Housing Operating							
NOI	194,412	204,177	196,885	206,527	206,296		
Non-cash NOI on same store properties	446	111	1,167	(6)	34		
NOI attributable to non-same store properties	(5,088)	(5,086)	(8,960)	(21,133)	(20,292)		
Currency and ownership adjustments ⁽²⁾	(3,081)	(3,955)	(1,754)	128	(170)		
Normalizing adjustment for payroll accruals ⁽⁴⁾	-	3,469	-	-	-		
Normalizing adjustment for workers comp ⁽⁵⁾	-	(1,682)	-	-	-		
Normalizing adjustment for technology costs ⁽⁶⁾	-	761	1,319	-	-		
Normalizing adjustment for insurance reimbursements ⁽⁷⁾	(1,025)	(7,654)	-	-	-		
Other normalizing adjustments ⁽⁸⁾	(857)	(89)	-	296	653		
SSNOI	184,807	190,052	188,657	185,812	186,521		0.9%
Outpatient Medical							
NOI	87,197	89,879	89,127	87,221	87,836		
Non-cash NOI on same store properties	(2,880)	(2,825)	(2,771)	(1,994)	(2,238)		
NOI attributable to non-same store properties	(3,301)	(4,095)	(3,859)	(2,054)	(2,951)		
Currency and ownership adjustments ⁽²⁾	26	(475)	116	184	33		
Other normalizing adjustments ⁽⁸⁾	(335)	(335)	(335)	(335)	(5)		
SSNOI	80,707	82,149	82,278	83,022	82,675		2.4%
Life Science, Corporate & Land							
NOI	45	4,560	175	(117)	145		
NOI attributable to non-same store properties	(45)	(4,560)	(175)	117	(145)		
SSNOI	-	-	-	-	-		
Total							
NOI	588,616	607,550	595,508	571,802	545,866		
Non-cash NOI on same store properties	(19,826)	(17,796)	(16,511)	(16,507)	(13,711)		
NOI attributable to non-same store properties	(97,242)	(103,550)	(103,854)	(84,123)	(70,572)		
Currency and ownership adjustments	(17,279)	(19,158)	(15,260)	(11,694)	(18,15)		
Normalizing adjustments, net	(3,939)	(7,279)	(766)	(1,110)	648		
SSNOI	\$ 450,330	\$ 459,767	\$ 459,117	\$ 458,368	\$ 460,416		2.2%

Notes:

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

Growth Reconciliations

(dollars in thousands)	United States		United Kingdom		Canada		Total	
	IQ 16	IQ 17	IQ 16	IQ 17	IQ 16	IQ 17	IQ 16	IQ 17
SHO SS REVPOR Growth:								
Consolidated SHO revenues ⁽¹⁾	\$ 433,425	\$ 498,942	\$ 71,784	65,939	\$ 100,160	106,985	\$ 605,369	671,866
Unconsolidated SHO revenues attributable to Welltower ⁽²⁾	20,465	22,112	-	-	18,613	19,792	39,078	41,904
SHO revenues attributable to noncontrolling interests ⁽³⁾	(24,871)	(29,345)	(3,102)	(3,441)	(23,439)	(25,022)	(51,412)	(57,808)
SHO pro rata revenues ⁽⁵⁾	429,019	491,709	68,682	62,498	95,334	101,755	593,035	655,962
Adjustments ⁽⁶⁾	(10,310)	(65,752)	(16,972)	(7,373)	1,447	(2,611)	(25,835)	(75,736)
SHO SS revenues ⁽⁷⁾	\$ 418,709	\$ 425,957	\$ 51,710	55,125	\$ 96,781	99,144	\$ 567,200	580,226
Avg. occupied units/month ⁽⁸⁾	20,690	20,297	2,195	2,282	12,263	12,189	35,148	34,768
SHO SS REVPOR ⁽⁹⁾	\$ 6,839	\$ 7,093	\$ 7,962	8,164	\$ 2,667	2,749	\$ 5,454	5,640
SS REVPOR YOY growth		3.7%		2.5%		3.1%		3.4%
Adjusted SHO SS REVPOR ⁽¹⁰⁾	\$ 6,789	\$ 7,093	\$ 7,862	8,164	\$ 2,666	2,749	\$ 5,418	5,640
Adjusted REVPOR YOY growth		4.5%		3.8%		3.1%		4.1%
SHO SS NOI Growth:								
Consolidated SHO NOI ⁽¹⁾	\$ 135,895	\$ 150,420	\$ 23,130	19,133	\$ 37,450	39,888	\$ 196,475	209,441
Unconsolidated SHO NOI attributable to Welltower ⁽²⁾	8,621	8,939	-	-	7,079	7,604	15,700	16,543
SHO NOI attributable to noncontrolling interests ⁽³⁾	(8,501)	(10,065)	(349)	(173)	(8,913)	(9,450)	(17,763)	(19,688)
SHO pro rata NOI ⁽⁵⁾	136,015	149,294	22,781	18,960	35,616	38,042	194,412	206,296
Adjustments ⁽⁶⁾	(5,822)	(19,425)	(4,395)	435	612	(785)	(9,605)	(19,775)
SHO pro rata SSNOI ⁽⁷⁾	\$ 130,193	\$ 129,869	\$ 18,386	19,395	\$ 36,228	37,257	\$ 184,807	186,521
SHO SSNOI growth		-0.2%		5.5%		2.8%		0.9%
Adjusted SHO pro rata SSNOI ⁽¹⁰⁾	\$ 128,553	\$ 129,869	\$ 17,936	19,395	\$ 36,520	37,257	\$ 183,009	186,521
Adjusted SHO SSNOI growth		10%		8.1%		2.0%		1.9%
SHO SS NOI/Unit:								
Trailing four quarters' SSNOI ⁽⁵⁾		\$ 529,677		\$ 72,727		\$ 148,638		\$ 751,042
Average units in service ⁽¹¹⁾		22,981		2,586		13,244		38,811
SSNOI/unit in USD		\$ 23,048		\$ 28,123		\$ 11,223		\$ 19,351
SSNOI/unit in local currency ⁽⁴⁾				£ 22,528		C \$ 14,975		
Notes:								
(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 March 31, 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 GBP/USD rate of 1.24837 and USD/CAD rate of 1.334294.								
(5) Represents SHO revenues/NOI/SSNOI at Welltower pro rata ownership. See SSNOI Reconciliations for more information.								
(6) Represents revenues/NOI not derived from local country properties or from non-SS properties, as well as non-cash revenues/NOI currency and ownership adjustments, and normalizing adjustments for local country properties.								
(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) Includes 2016 adjustments to normalize the impact of leap year for operators who charge residents daily rather than monthly.								
(11) Represents average units in service for SS properties related solely to referenced country on a pro rata basis.								

Senior Housing Operating REVPOR Reconciliations

Dollars in thousands, except REVPOR	Three months ended 3/31/17:			
	CA	UK	US	Total
Consolidated seniors housing operating revenues	\$ 106,985	\$ 65,939	\$ 498,942	\$ 671,866
Unconsolidated revenues attributable to Welltower ⁽¹⁾	19,792	-	22,112	41,904
Revenues attributable to noncontrolling interests ⁽²⁾	(25,022)	(3,441)	(29,345)	(57,808)
Total pro rata revenues	101,755	62,498	491,709	655,962
Less interest and other income	(33)	(22)	(1,426)	(1,481)
Revenues attributable to held for sale properties	(882)	(377)	(430)	(1,689)
Adjustment for standardized FX rate ⁽³⁾	(840)	470	-	(370)
Total local revenues	\$ 100,000	\$ 62,569	\$ 489,853	\$ 652,422
Average occupied units/month	12,299	2,612	23,740	38,651
REVPOR in USD	\$ 2,748	\$ 8,096	\$ 6,974	\$ 5,705
REVPOR in local currency ⁽³⁾	C\$ 3,666	£ 6,485		

Notes:

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

(2) Represents minority partner's interest in joint venture properties in which Welltower is the majority partner.

(3) Based on GBP/USD rate of 1.24837:1 and USD/CAD rate of 1.334294:1.

Outpatient Medical NOI Reconciliations

\$s in thousands, except per square foot	Three months ended		
	3/31/2017		
	Total	Non Core ⁽¹⁾	Core
OM revenues	\$ 129,654	\$ (933)	\$ 128,721
OM property operating expenses	(41,818)	503	(41,315)
OM Core NOI	\$ 87,836	\$ (430)	\$ 87,406
OM Core NOI margin			67.9%
OM Core NOI			\$ 87,406
Less: In-Place NOI adjustments			(2,429)
OM In-Place NOI			84,977
OM In-Place NOI Annualized			\$ 339,908
OM Core NOI			\$ 87,406
Less: Interest Income			-
OM Core Rental NOI			\$ 87,406
Total square feet			17,176,189
Less: loans, development, held for sale			(582,094)
Pro rata adjustments ⁽²⁾			(727,829)
Pro rata rental square feet			15,866,266
OM Core Rental NOI per square foot annualized			\$ 22.04
OM Core Rental NOI			\$ 87,406
Non health system affiliated NOI			(4,200)
OM health system affiliated Core NOI			\$ 83,206
OM health system affiliated Core NOI%			95.2%
Notes:			
Unless otherwise noted, amounts presented on Welltower pro rata ownership basis and excludes assets sold or held for sale. See "In-Place NOI Reconciliations" and "In-Place NOI by Partner Reconciliations" for reconciliation to net operating income from continuing operations.			
(1) Represents amounts from assets held for sale and non-core other income.			
(2) Represents amounts attributable to joint venture partners, both unconsolidated and noncontrolling.			

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

Normalized FFO Payout Reconciliation

In thousands, except per share	Three Months Ended March 31, 2017
Net income (loss) attributable to common stockholders	\$ 312,639
Depreciation and amortization	228,276
Losses/impairments (gains) on properties, net	(233,061)
Noncontrolling interests and unconsolidated entities, net ⁽¹⁾	21,316
Other expenses ⁽²⁾	11,675
Loss (gain) on extinguishments of debt, net ⁽³⁾	31,356
Loss (gain) on derivatives, net ⁽⁴⁾	1,224
Preferred stock redemption charge ⁽⁵⁾	9,769
Normalized FFO attributable to common stockholders	\$ 383,194
Average diluted common shares outstanding	364,652
Normalized FFO per diluted share	\$ 1.05
Dividends per common share	\$ 0.87
Normalized FFO payout ratio	82.9%

Notes:

- (1) Represents net of noncontrolling interests' share of normalized FFO adjustments and Welltower's share of net FFO adjustments from unconsolidated entities. Includes goodwill/intangible impairments and non-recurring income tax adjustments at an unconsolidated entity as well as non-capitalizable costs related to joint ventures.
- (2) Primarily related to estimated severance costs and non-capitalizable transaction costs.
- (3) Primarily related to secured debt extinguishments.
- (4) Primarily related to mark-to-market of a convertible note receivable.
- (5) Primarily related to redemption of Series J preferred stock.

EBITDA and Adjusted 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 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. 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. 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.

Quarterly EBITDA/A-EBITDA Reconciliations

In thousands	Three Months Ended December 31, 2013	Three Months Ended March 31, 2017
Net income	\$ 25,696	\$ 337,610
Interest expense ⁽¹⁾	124,485	118,597
Income tax expense (benefit)	435	2,245
Depreciation and amortization ⁽¹⁾	243,380	228,276
EBITDA	393,996	686,728
Loss (income) from unconsolidated entities	4,659	23,106
Transaction costs	15,693	-
Stock-based compensation	3,527	4,906
Provision for loan losses	2,110	-
Loss (gain) on extinguishment of debt, net	3,467	31,356
Loss/impairment (gain) on properties, net	8,064	(233,061)
Loss (gain) on derivatives, net	6	1,224
Other expenses	-	11,675
Adjusted EBITDA	\$ 431,522	\$ 525,934
Interest Coverage Ratio:		
Interest expense ⁽¹⁾	\$ 124,485	\$ 118,597
Non-cash interest expense	(264)	(1,679)
Capitalized interest	2,003	4,129
Total interest	126,224	121,047
Adjusted EBITDA	\$ 431,522	\$ 525,934
Interest coverage ratio - adjusted	3.4x	4.3x
Fixed Charge Coverage Ratio:		
Total interest ⁽¹⁾	\$ 126,224	\$ 121,047
Secured debt principal amortization	16,312	16,249
Preferred dividends	16,531	14,379
Total fixed charges	159,067	151,675
Adjusted EBITDA	\$ 431,522	\$ 525,934
Fixed charge coverage ratio - adjusted	2.7x	3.5x
Net Debt to Adjusted EBITDA Ratio:		
Total debt	\$ 10,652,014	\$ 11,454,185
Less: cash and cash equivalents ⁽²⁾	(158,780)	(380,360)
Net debt	10,493,234	11,073,825
Adjusted EBITDA annualized	\$ 1,726,088	\$ 2,103,736
Net debt to adjusted EBITDA ratio	6.1x	5.3x
Notes:		
(1) 2013 includes amounts related to properties sold or classified as held for sale.		
(2) Includes IRC section 1031 deposits, if any.		

Capitalization Ratios

Dollars in thousands	12/31/2013	3/31/2017
Net Debt to Undepreciated Book Capitalization:		
Line of credit	\$ 130,000	\$ 522,000
Long-term debt obligations	10,522,014	10,932,185
Cash and cash equivalents ⁽¹⁾	(158,780)	(380,360)
Net debt	10,493,234	11,073,825
Accumulated depreciation and amortization	2,386,658	4,335,160
Total equity ⁽²⁾	11,791,370	15,495,681
Undepreciated book capitalization	\$ 24,671,262	\$ 30,904,666
Net debt to undepreciated book capitalization ratio	42.5%	35.8%
Net Debt to Enterprise Value:		
Outstanding common stock (000s)	289,564	364,564
Period end share price	\$ 53.57	\$ 70.82
Common equity market capitalization	\$ 15,511,943	25,818,422
Net debt	10,493,234	11,073,825
Preferred stock	1,017,361	718,750
Noncontrolling interests ⁽²⁾	376,787	859,478
Enterprise value	\$ 27,399,325	\$ 38,470,475
Net debt to enterprise value ratio	38.3%	28.8%
Notes:		
(1) Inclusive of IRC section 1031 deposits.		
(2) Includes all noncontrolling interests (redeemable and permanent).		