

# The Aging Population:

*Driving the Future of Health Care Real Estate*

Corporate Presentation | November 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.

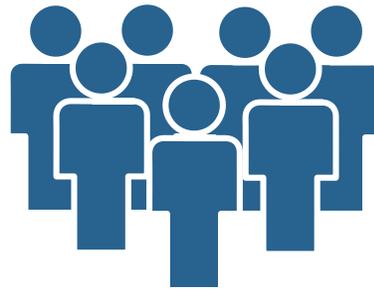
Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the company’s actual results to differ materially from the company’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but 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



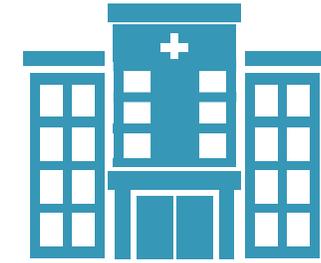
**1,334**

TOTAL HEALTH CARE  
PROPERTIES



**~198,000**

RESIDENTS<sup>(2)</sup>



**16,000,000**

OUTPATIENT  
MEDICAL VISITS<sup>(2)</sup>

**\$40.1B**  
Enterprise Value<sup>(1)</sup>

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 9/30/2017.

2) Based on internal estimates derived from trailing twelve-month facility level data as of 9/30/2017.

# Real Estate Investment Trust (REIT) Overview

## LARGEST U.S. PUBLIC REAL ESTATE COMPANIES by ENTERPRISE VALUE<sup>(1)</sup>

Rank	Company	Sector	\$ (mm's)
1	Simon Property Group	Regional Malls	\$73,737
2	Prologis Inc.	Industrial	\$45,773
3	Public Storage	Self-Storage	\$41,958
4	<b>welltower</b>	Health Care	\$40,140
5	Ventas, Inc.	Health Care	\$34,774
6	Equity Residential	Apartments	\$33,824
7	General Growth Properties	Regional Malls	\$32,654

1) Includes RMZ real estate companies. Source: Bloomberg as of 9/30/2017.

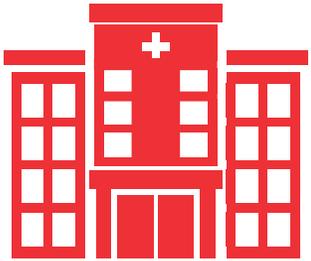
# Health Care Real Estate Landscape

\$ HIGHER AVERAGE COST LOWER AVERAGE COST \$

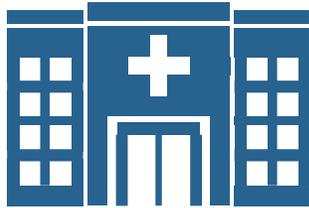
ACUTE CARE

POST-ACUTE CARE CONTINUUM

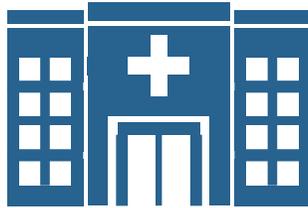
SENIOR HOUSING



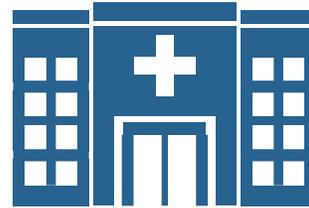
Hospital



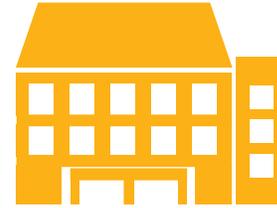
Long-Term  
Care Hospital



Inpatient  
Rehab Facility



Skilled Nursing  
(LTC)



Memory  
Care

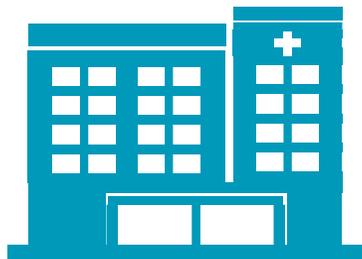


Assisted  
Living



Independent  
Living

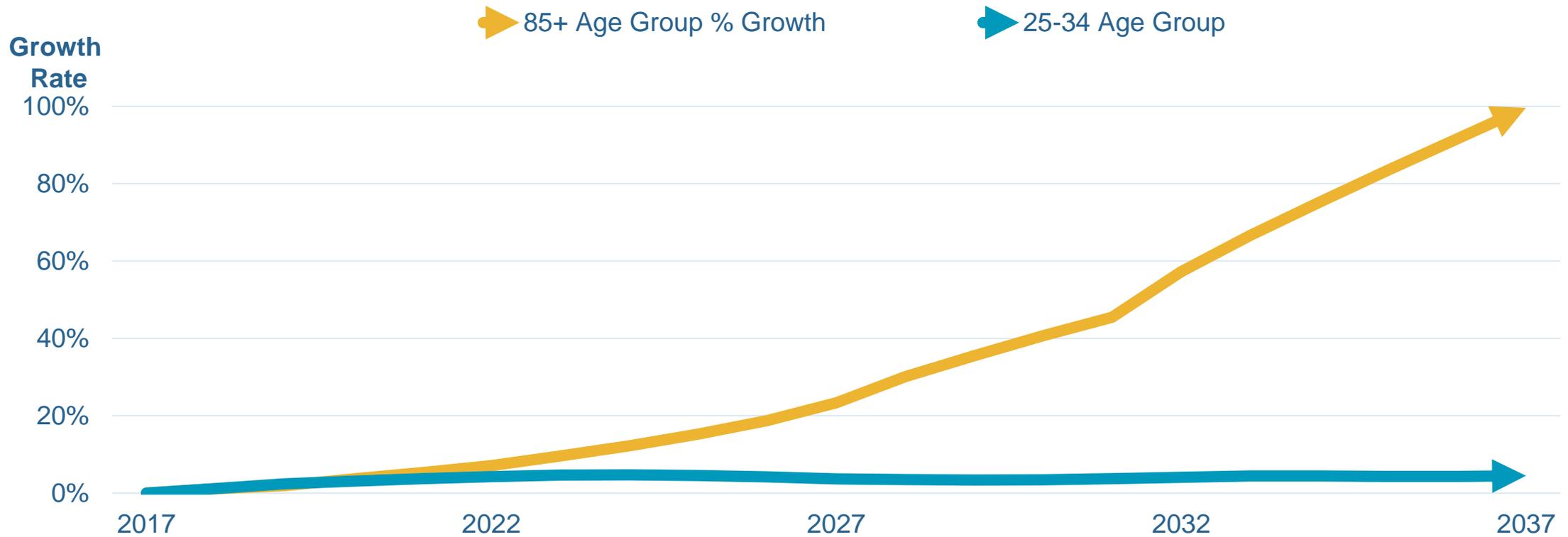
OUTPATIENT / MEDICAL OFFICE BUILDING



HOME

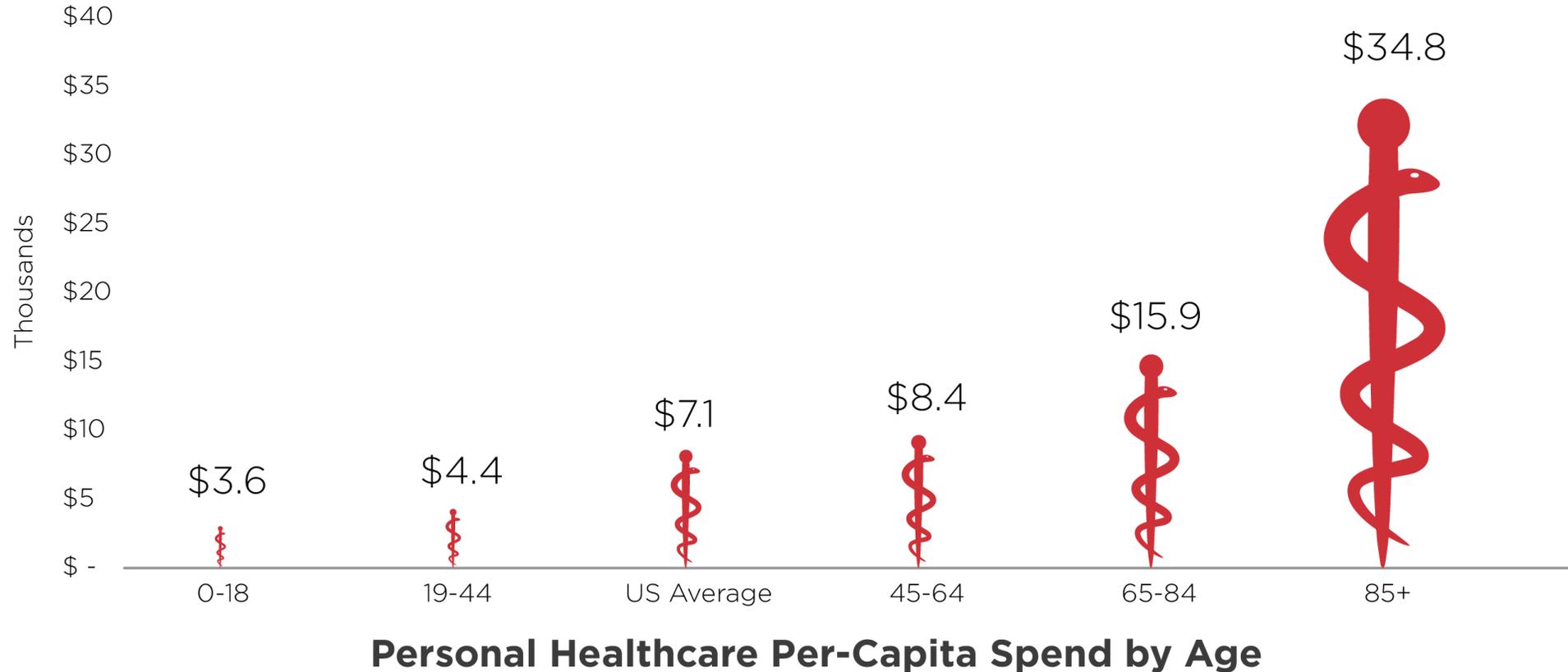


# Powerful Demographic Tailwinds



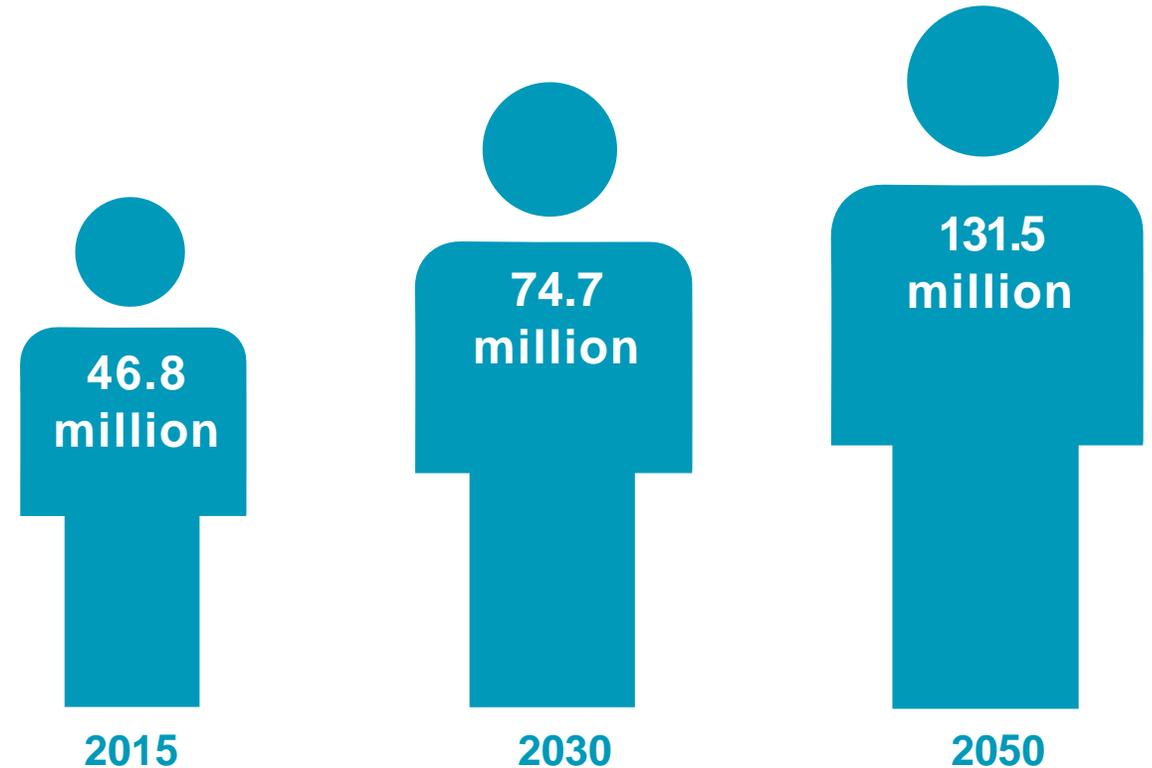
**85+ Population to Double in 20 Years**

# Aging Population Drives Health Care Spending



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

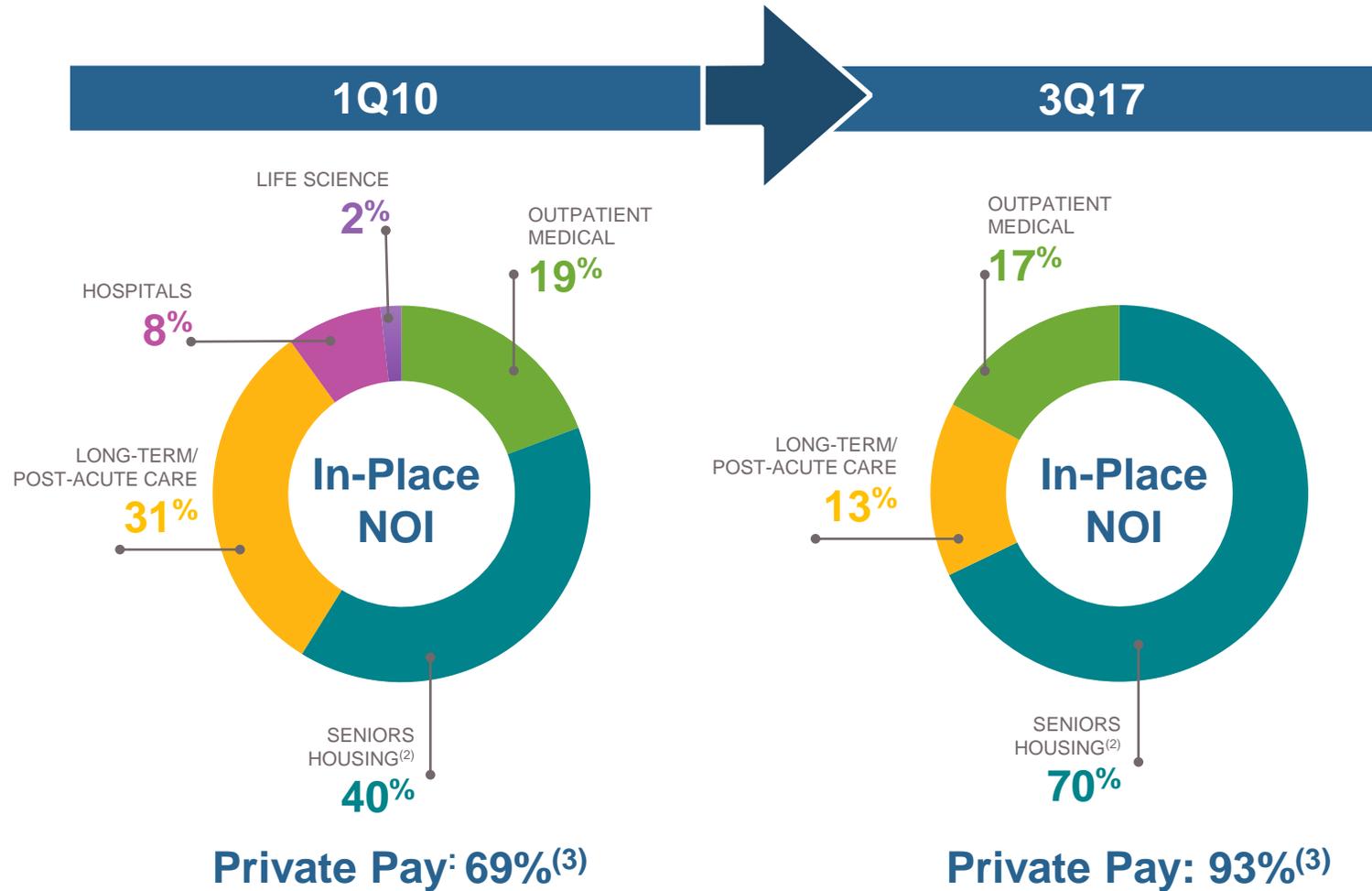
- Alzheimer's Disease is the only "Top 10 Cause of Death" in the U.S. that cannot be prevented, slowed or cured
- Number of people with dementia globally will almost double every 20 years
- Total estimated worldwide cost of dementia care will be \$1 trillion by 2018



# Welltower's Unique Growth Platform



# Portfolio Transformation<sup>(1)</sup>

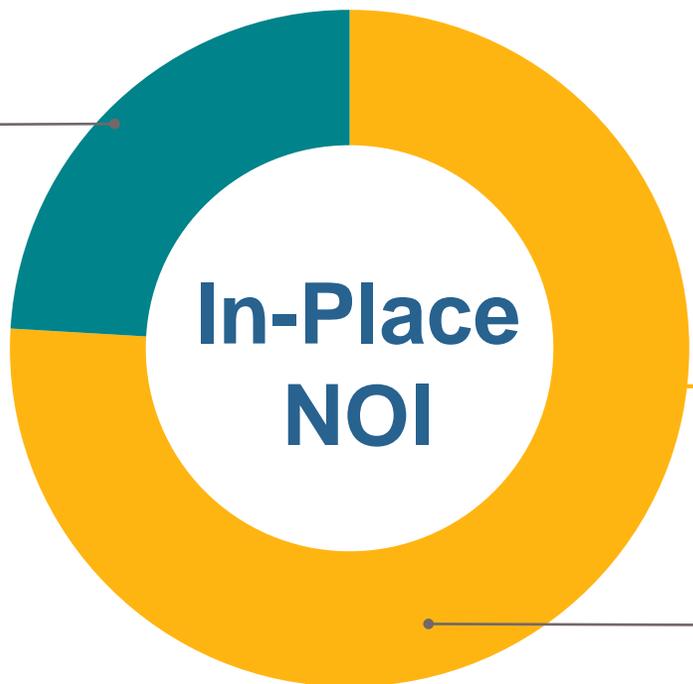


1. Based on In-Place NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.  
 2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties.  
 3. Based on Facility Revenue Mix

# SHO Partner Diversification<sup>(1)</sup>

## 3Q17 SHO Portfolio

OTHER  
**24%**



TOP 5  
PARTNERS  
**76%**

	<b>35.9%</b>
	<b>13.5%</b>
	<b>10.8%</b>
	<b>8.0%</b>
	<b>7.7%</b>

1. Based on 3Q17 SHO 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

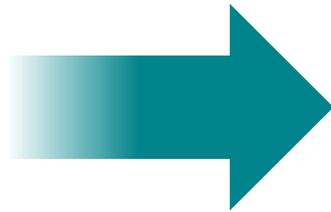
High Barrier to Entry Premier Markets



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

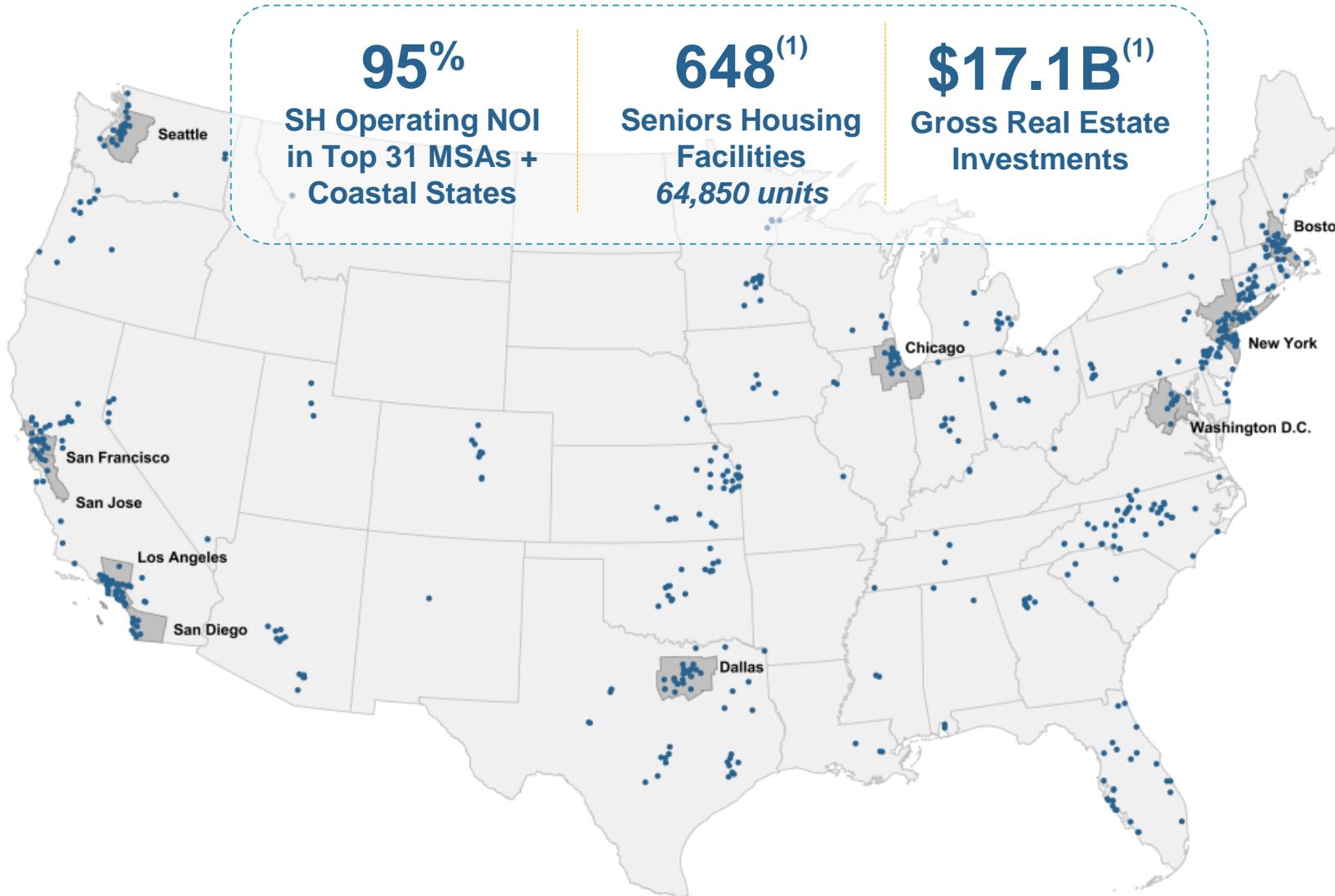


Sunrise Connecticut Avenue, Washington, D.C.

# Welltower Family of Brands



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



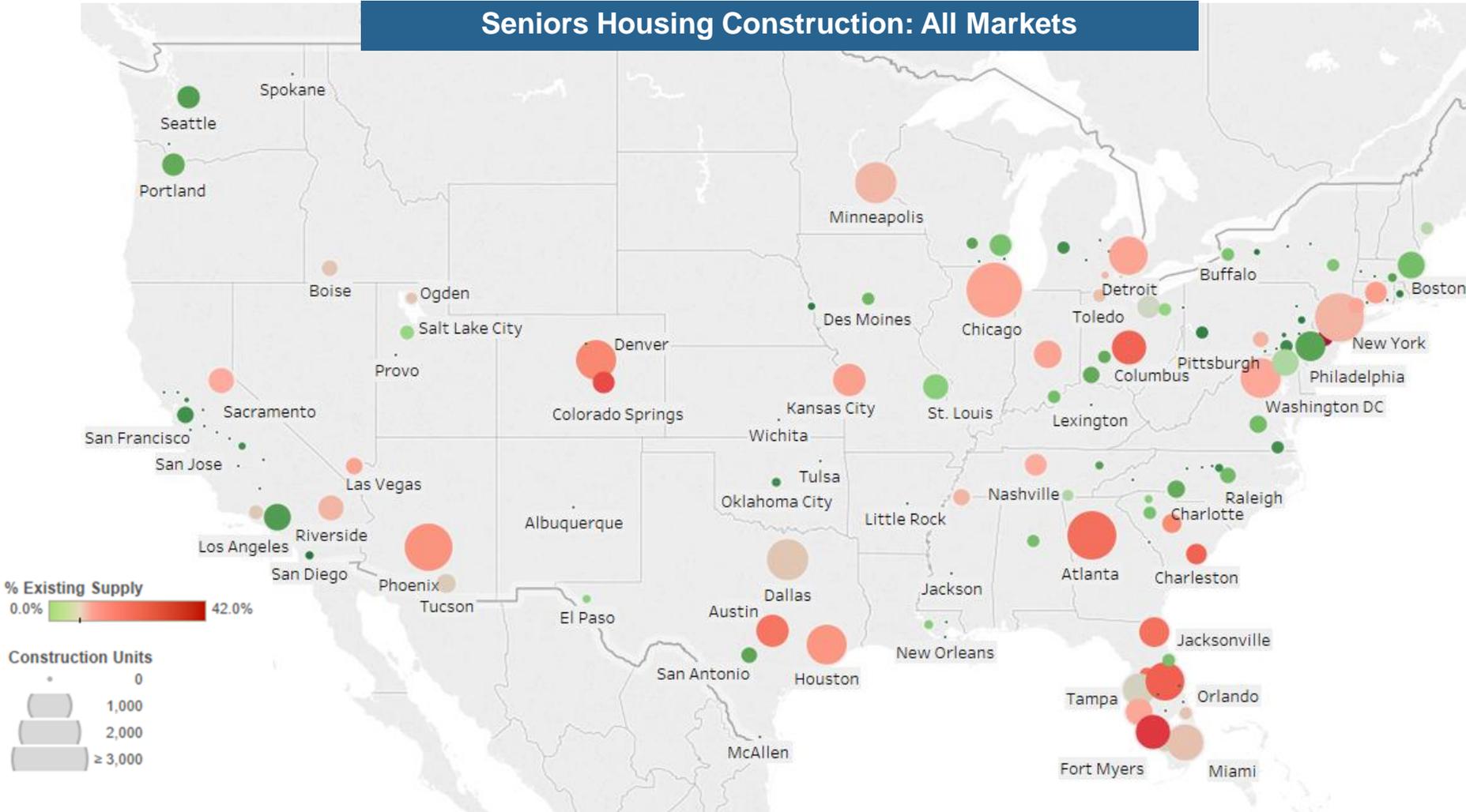
## TOP US MARKETS<sup>(2)</sup> (% OF SH OPERATING NOI)

Los Angeles	14.9%
Boston	9.7%
New York	8.0%
San Francisco	4.9%
San Diego	4.4%
Chicago	4.2%
Dallas	4.0%
Washington, D.C.	3.2%
Seattle	3.1%
San Jose	2.6%

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

2) Data as of 9/30/2017. NOI data based on In-Place US SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

# Strategic Focus: Urban, High Barrier to Entry Markets



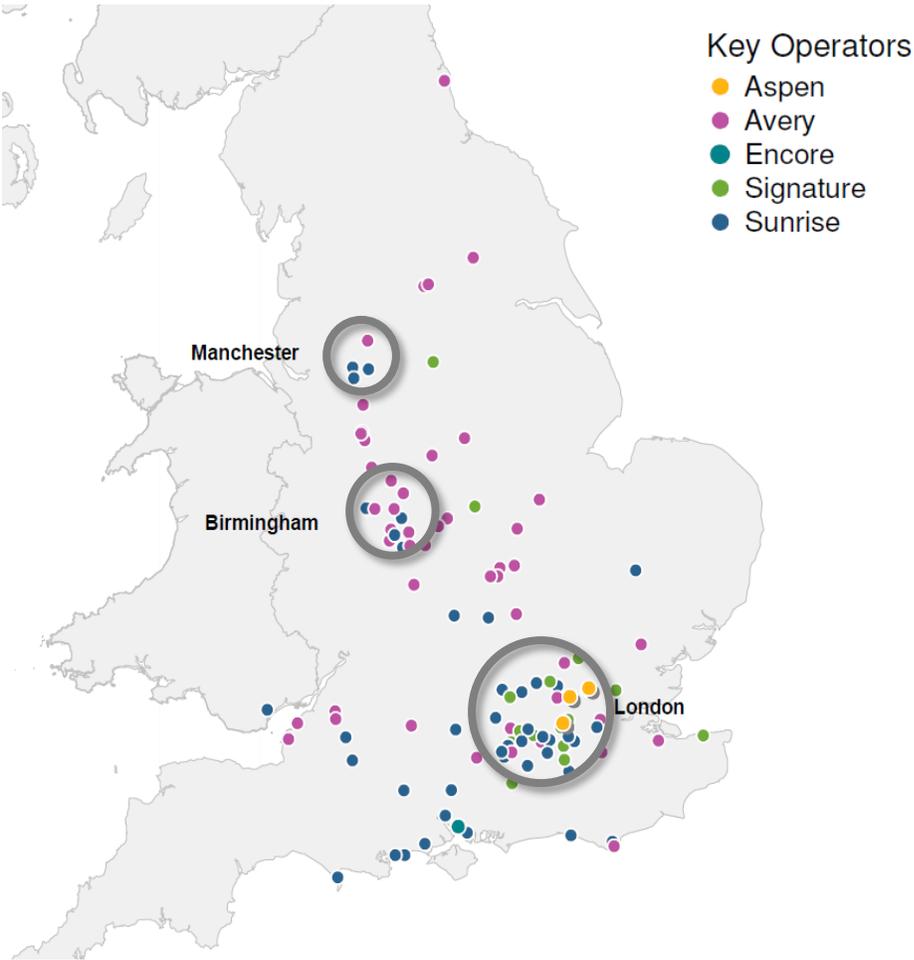
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Dallas	4.0%
Washington, D.C.	3.2%
Seattle	3.1%
San Jose	2.6%

Source: NIC MAP® Data Service data as of 9/30/2017

1. Data as of 9/30/2017. 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

90%

SH Operating NOI in  
Greater London &  
Southern England

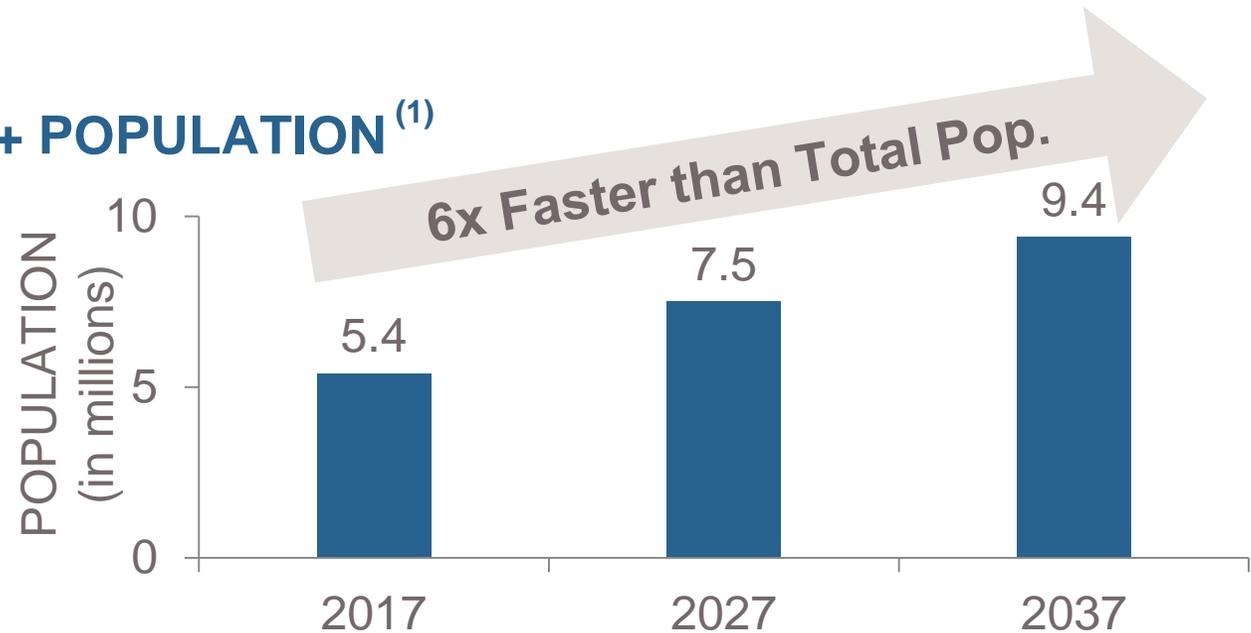
105<sup>(2)</sup>

Facilities

\$2.9B<sup>(2)</sup>

Gross Real Estate  
Investments

## 75+ POPULATION<sup>(1)</sup>

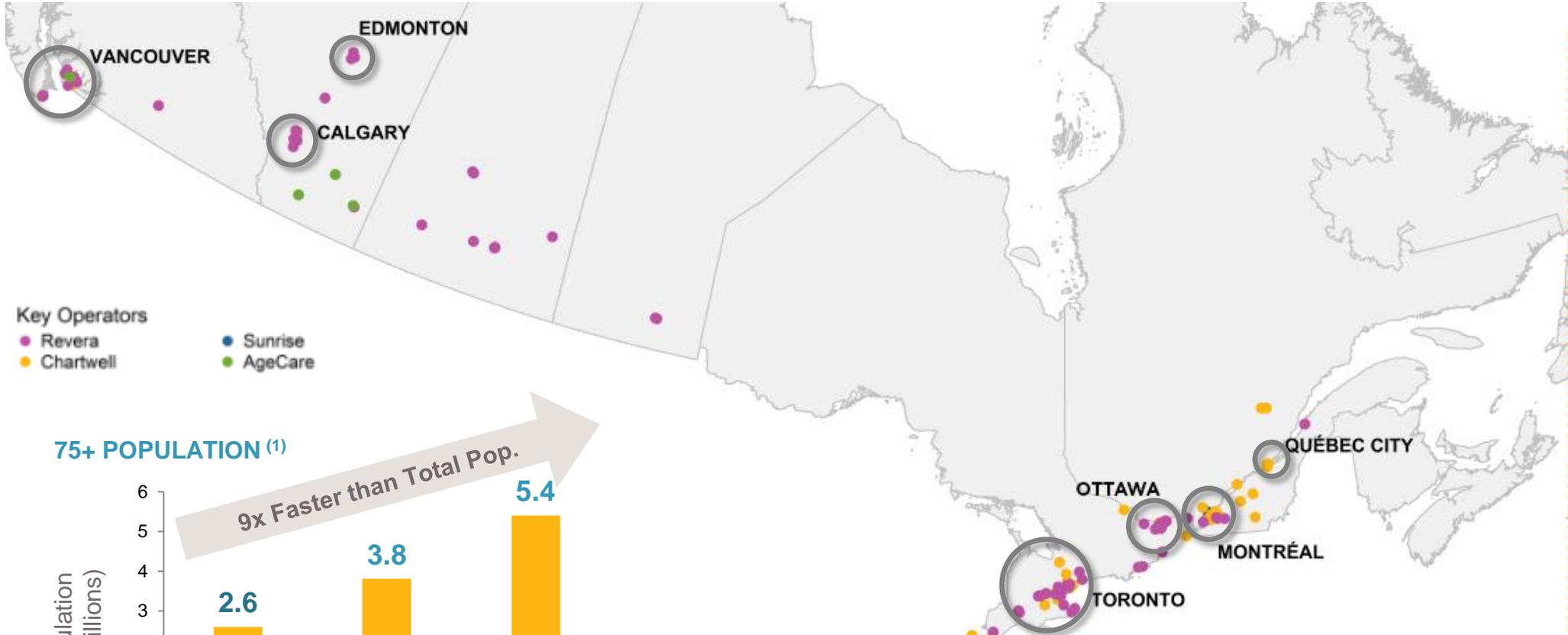


Data as of 9/30/2017. NOI data based on In-Place UK SH Operating NOI. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

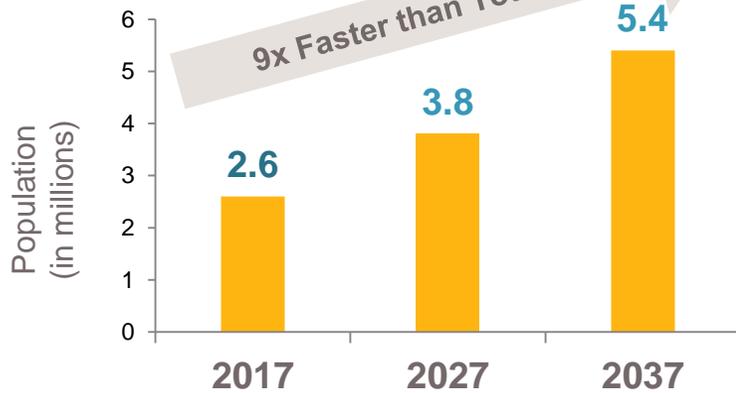
1. Source: Office for National Statistics.

2. Comprises Seniors Housing Triple-Net and Seniors Housing Operating properties as of 9/30/2017.

# Canadian Portfolio | Urban, High Barrier to Entry Markets



75+ POPULATION <sup>(1)</sup>



**CN**

**76%**

SH Operating NOI in Top 10 Canadian MSAs

**145<sup>(2)</sup>**

Facilities

**\$2.9B<sup>(2)</sup>**

Gross Real Estate Investments

Data as of 9/30/2017. 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 as of 9/30/2017.

# Urban Market Focus: Aging in Cities Survey

Welltower commissioned survey reaffirms current city dwellers desire to age in place.

## Seniors Wanting to Stay in Their City

Boston	69%
Chicago	69%
Houston	66%
Los Angeles	67%
Miami	70%
New York City	65%
San Francisco	71%
Seattle	68%
Toronto	73%
Washington D.C.	68%



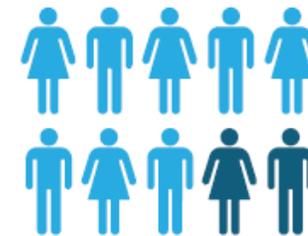
of Baby Boomers want options for aging in place



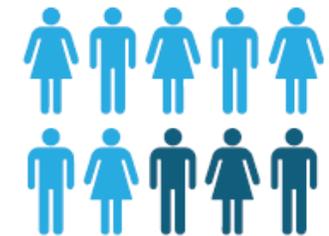
say high-quality health care is their highest overall priority



are concerned about dementia



say it will be important to make new friends when they're 80+.



say the ability to meet new people is a key factor in deciding where to live.

# 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

# Urban Market Focus: The Sumach by Chartwell, Toronto



## DEMAND FACTORS

- New independent living community located in Regent Park neighborhood -- the “gold standard” for urban revitalization
- 12-story building with 332 units; 5,500 square feet of retail space
- Bistro-style restaurant for tenants and open to the public
- Services (e.g., medication management and administration) to be offered on an a la carte basis
- Anticipated delivery: Q4 2018

welltower

 CHARTwell  
retirement residences

Daniels  
love where you live™

# Urban Market Focus: The Wandsworth



## DEMAND FACTORS

- Urban development to meet significant and growing demand in London market
- Assisted living & memory care community located in Wandsworth, London, UK
- 6 story building with 98 units; c. 70,000 square feet
- High end facilities offered on site such as bistro restaurant, activities lounges, emporium and library
- Fully nursing registered community providing suite of care services
- Anticipated delivery: Q4 2019

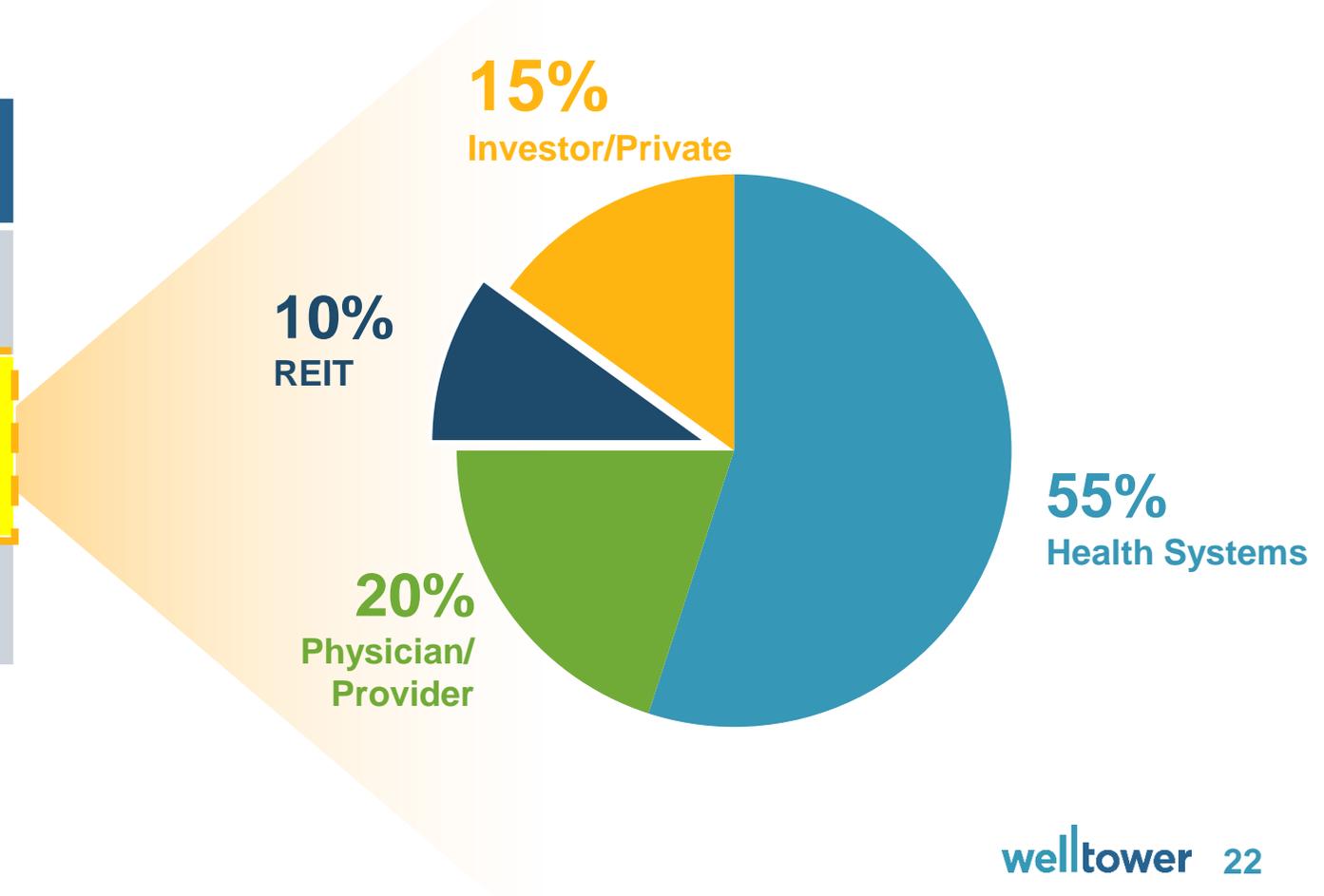
welltower

Signature  
setting the standard for senior care

# Outpatient Medical Growth Opportunity

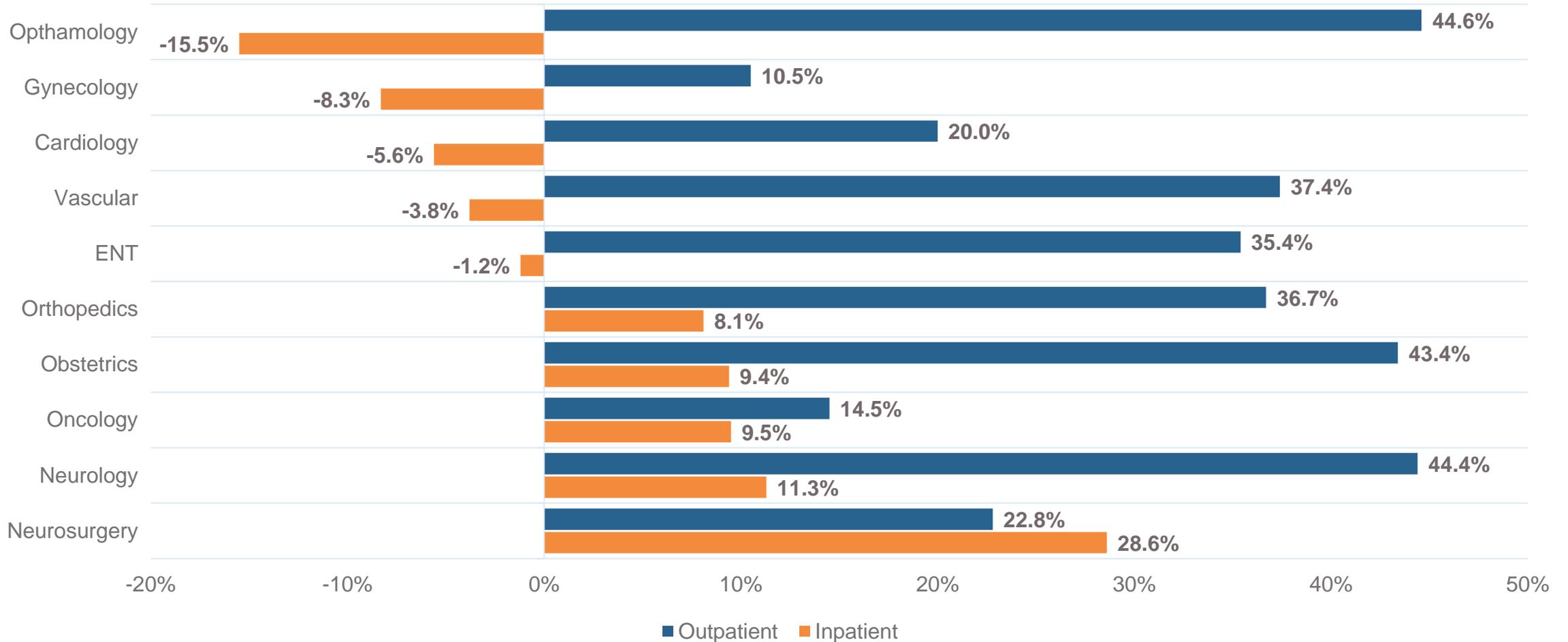
Health Systems & Physicians Currently Own ~75% of Outpatient Medical Real Estate

	Properties	Total Value	Total Sq. Feet
Hospital	5,407	\$605B	1.7B
<b>Outpatient</b>	<b>33,387</b>	<b>\$363B</b>	<b>1.4B</b>
<b>TOTALS</b>	<b>38,794</b>	<b>\$968B</b>	<b>3.0B</b>



# Procedures Driving Outpatient Medical Growth

Segment Demand Growth: 2016 - 2026



Source: Advisory Board Outpatient/Inpatient Volume Report as of 6/29/2017

# Welltower's Full Service Outpatient Medical Group

**\$5.8B**

INVESTED IN 258  
PROPERTIES

**16,000,000**  
OUTPATIENT  
MEDICAL VISITS<sup>(3)</sup>

**99%**

IN-HOUSE  
MANAGED  
PROPERTIES AS  
% OF SF<sup>(2)</sup>

**96%**

HEALTH SYSTEM  
AFFILIATED AS %  
OF CORE NOI<sup>(1)</sup>

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



Data as of 9/30/2017 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 Strategic Alliance

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

- Measure quality of care outcomes in Assisted Living and Memory Care
- Educational programs for patients and care givers
- Evaluate market opportunities
- Deliver better care at a lower cost



**JOHNS HOPKINS**  
M E D I C I N E

## Welltower Footprint in JHM Markets Today

**104**  
PROPERTIES

**8,214<sup>(1)</sup>**  
RESIDENTS

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

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

# Financial Summary



# Significant Balance Sheet Strength

Moody's

**Baa1**

Stable

S&P

**BBB+**

Stable

Fitch

**BBB+**

Stable



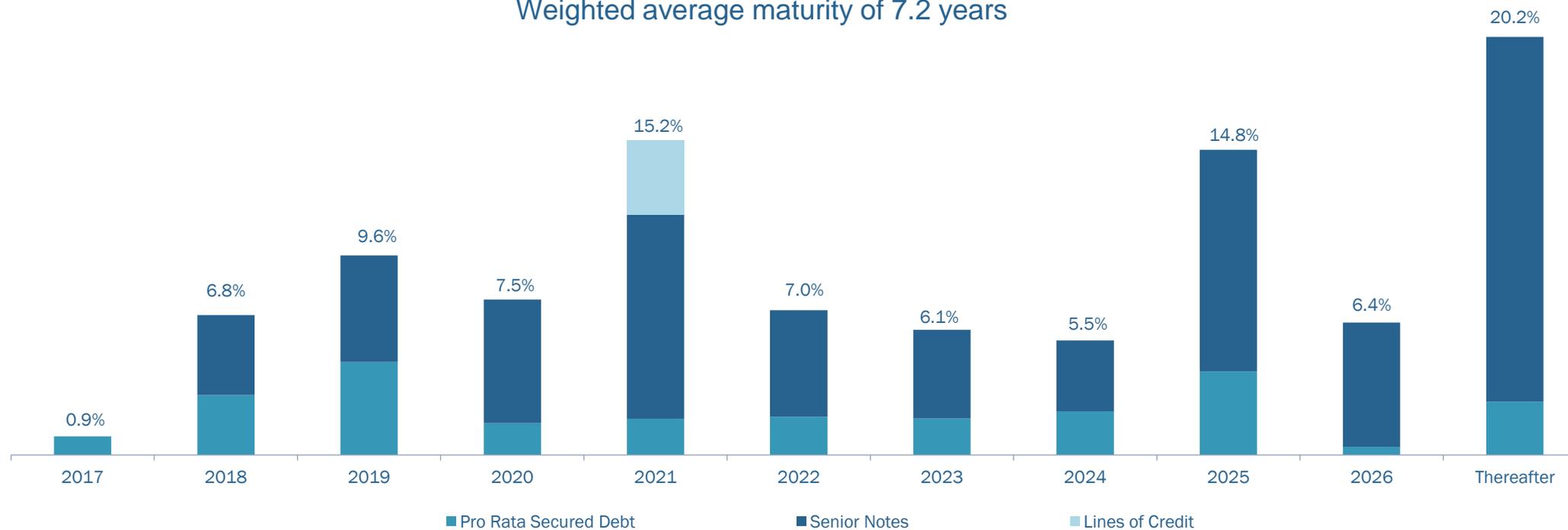
RATIO	4Q13 <sup>(2)</sup>	3Q17 <sup>(2)</sup>	Improvement
NET DEBT / UNDEPRECIATED BOOK CAP <sup>(1)</sup>	42.5%	35.5%	↓ 700 bps
NET DEBT / ENTERPRISE VALUE <sup>(1)</sup>	38.3%	29.0%	↓ 930 bps
NET DEBT / ADJUSTED EBITDA <sup>(1)</sup>	6.1x	5.2x	↓ 0.9x
ADJUSTED INTEREST COVERAGE	3.4x	4.5x	↑ 1.1x
ADJUSTED FIXED CHARGE COVERAGE	2.7x	3.6x	↑ 0.9x

1. Net debt represents total debt minus cash.

2. Represents three months ended 4Q13 and 3Q17. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

# Balanced and Manageable Debt Maturity Profile

Weighted average maturity of 7.2 years



in millions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Thereafter
Unsecured Debt	-	\$450	\$600	\$697	\$1,570	\$600	\$500	\$400	\$1,250	\$700	\$2,057
Pro Rata Secured Debt	\$104	\$338	\$525	\$179	\$204	\$216	\$206	\$246	\$471	\$46	\$300
<b>Total (\$mm)</b>	<b>\$104</b>	<b>\$788</b>	<b>\$1,125</b>	<b>\$876</b>	<b>\$1,774</b>	<b>\$816</b>	<b>\$706</b>	<b>\$646</b>	<b>\$1,721</b>	<b>\$746</b>	<b>\$2,357</b>

# Consistently Outperforming S&P 500

Welltower  
S&P 500



**15.6%** Average Annual Return Since Inception <sup>(1)</sup>

**4.6%** Dividend Yield <sup>(2)</sup>

1. Data as of 9/30/2017, adjusted for stock splits. Total return assumes reinvestment of dividends

2. Data as of 9/30/2017, adjusted for stock splits. The 2017 dividend represents the approved dividend rate for 2017, subject to quarterly review by the Board of Directors

# 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

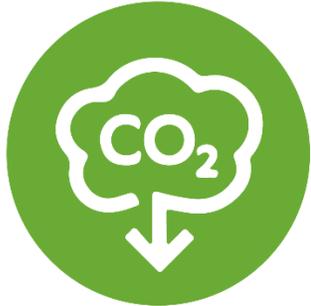


Investment Grade  
Balance Sheet &  
Outstanding Access to  
Capital

# Appendix



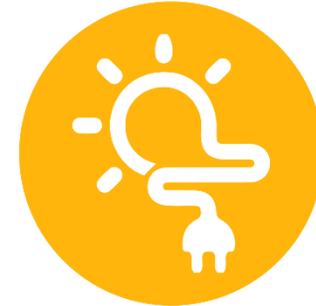
# Recognized For Sustainable Business Practices



5,560 metric tons of GHG emissions avoided in 2016<sup>(1)</sup>



14% of waste diverted from landfill in 2016<sup>(1)</sup>



1 MW of solar installed across portfolio since 2014

## Building Certifications



LEED: 14



Energy Star: 57

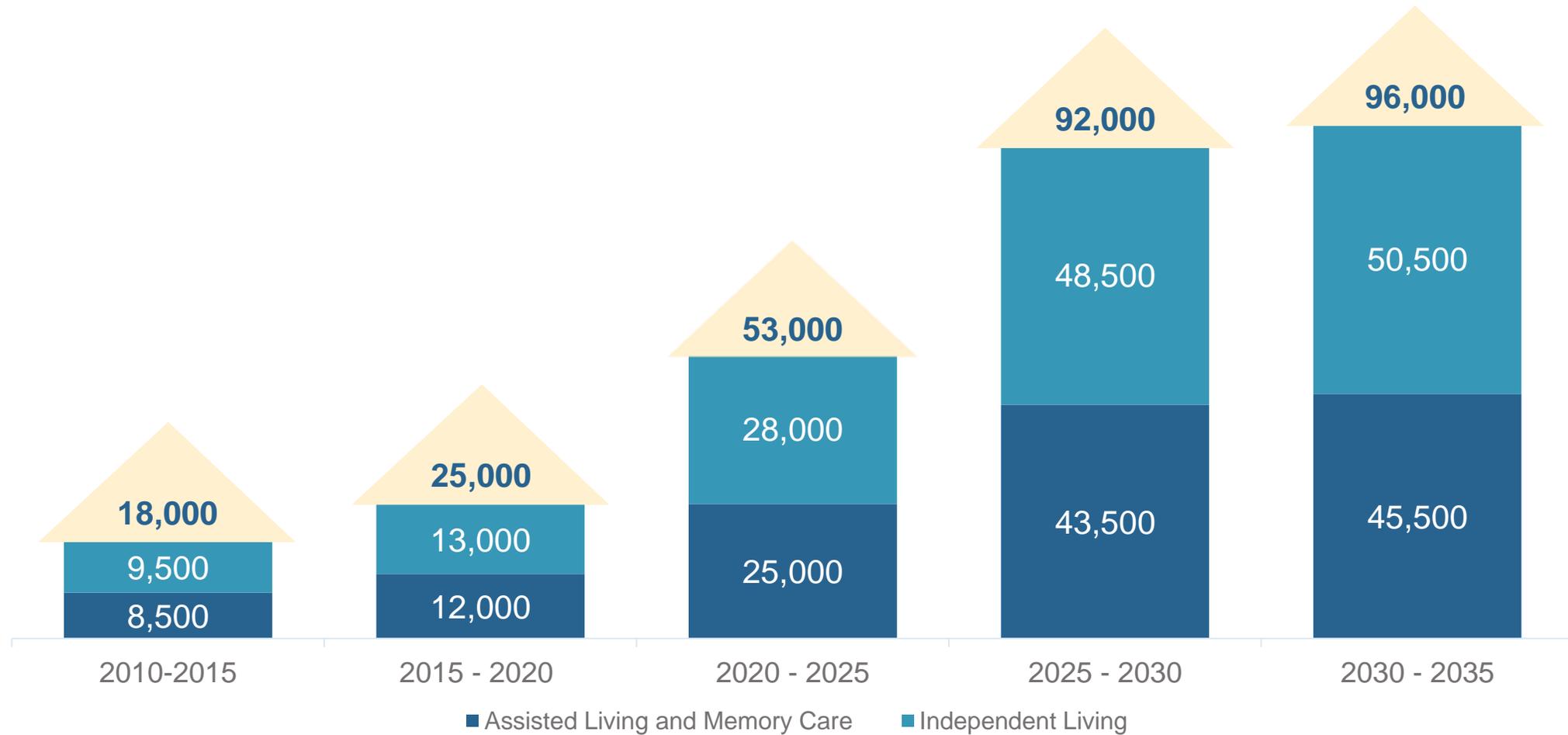


BREEAM: 5

1) Refers to properties where Welltower has operational control, as compared from 2015-2016. GHG reductions assured by third party consultants

# Strong Growth in Projected Demand for Seniors Housing

PROJECTED ANNUAL DEMAND GROWTH FOR SENIORS HOUSING UNITS



# Growth Platform Driving the Future of Health Care Delivery

## welltower Portfolio Mix<sup>(1)</sup>



### 70% Seniors Housing<sup>(2)</sup> (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

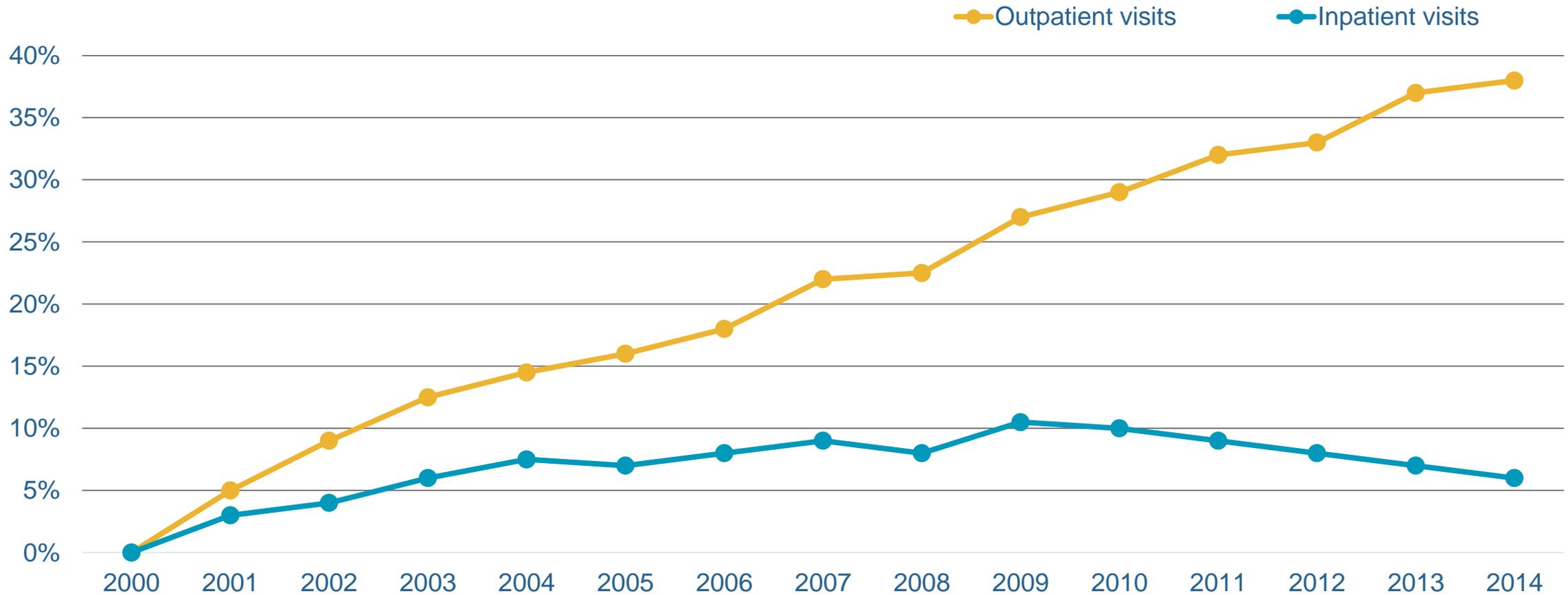
### 17% Outpatient Medical

- Full service outpatient medical group overseeing 17.3M square feet of space
- 95.6% 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 3Q17. 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.

# Outpatient Will Continue to Dominate Care Delivery



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

# Superior Assets Lead to Superior Operating Results

## Outpatient Medical

	Welltower <sup>(1)</sup>	Outpatient Medical Peers <sup>(2)</sup>
<b>Occupancy</b>	95%	91%
<b>Average Property Size</b> <i>Square Feet</i>	66,732	65,587
<b>Health System Affiliation<sup>(3)</sup></b>	96%	95%
<b>NOI Margin</b>	69%	66%
<b>NOI per Square Foot</b> <i>Annualized</i>	\$22.56	\$18.21
<b>Lease Expirations<sup>(4)</sup></b> <i>Through 2021</i>	33%	45%
<b>In-house Managed<sup>(5)</sup></b>	99%	<i>Data Not Available</i>

1. Data as of 9/30/2017. 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 9/30/17.

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 <sup>(1)</sup>	HC REIT Peers <sup>(2)</sup>	Public Operators <sup>(3)</sup>	Industry Benchmarks <sup>(4)</sup>
<b>Property Age</b> <i>Years</i>	19	36	32	38
<b>Occupancy</b>	81%	82%	82%	82%
<b>Quality Mix</b> <i>Private &amp; Medicare Revenue %</i>	64% <sup>(5)</sup>	47%	52%	47%
<b>EBITDARM Coverage</b>	1.55x	1.65x	<i>Data Not Available</i>	<i>Data Not Available</i>
<b>EBITDARM per Bed</b> <i>Annual</i>	\$19,361	\$16,614	\$14,056	<i>Data Not Available</i>

1. Welltower data as of 6/30/2017 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 TTM 2Q17 results obtained from publicly available documents for the following peers: OHI/AVIV, VTR (SNF only), QCP, CCP, LTC and SBRA. Quality mix excludes SBRA and QCP.

3. Average TTM 2Q17 results obtained from publicly available documents for the following publicly traded skilled nursing operators: GEN, DVCR, ENSG, and NHC. Quality mix excludes NHC.

4. Property age per 3Q17 NIC MAP for Majority NC Properties in the primary and secondary markets; occupancy and quality mix per NIC Skilled Nursing Data Report, June 30, 2017 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 June 30, 2017.

5. Per page 8 of 3Q17 Supplement.

# Superior Assets Lead to Superior Operating Results

	US Seniors Housing				UK Seniors Housing	
	Welltower US RIDEA <sup>(1)</sup>	HC REIT Peers <sup>(2)</sup>	Public Operators <sup>(3)</sup>	Industry Benchmarks	Welltower UK RIDEA <sup>(1)</sup>	Industry Benchmarks
<b>Property Age</b> <i>Years</i>	15	19 <sup>(4)</sup>	20 <sup>(4)</sup>	21 <sup>(5)</sup>	10	20 <sup>(9)</sup>
<b>Housing Value</b> <i>Median</i>	\$539,695	\$244,284 <sup>(4)</sup>	\$216,911 <sup>(4)</sup>	\$209,770 <sup>(6)</sup>	£428,006	£265,083 <sup>(10)</sup>
<b>Household Income</b> <i>Median</i>	\$93,078	\$64,663 <sup>(4)</sup>	\$61,049 <sup>(4)</sup>	\$61,045 <sup>(6)</sup>	<i>Data Not Available</i>	<i>Data Not Available</i>
<b>REVPOR</b> <i>Monthly</i>	\$6,950	\$3,956 <sup>(7)</sup>	\$4,235 <sup>(7)</sup>	\$4,565 <sup>(5)</sup>	£6,427	£3,015 <sup>(11)</sup>
<b>SSREVPOR Growth</b> <i>Year-over-year</i>	3.9%	2.5% <sup>(7)</sup>	2.1% <sup>(7)</sup>	2.8% <sup>(5)</sup>	4.1%	2.8% <sup>(11)</sup>
<b>SSNOI per Unit</b> <i>Annual</i>	\$23,461	\$12,206 <sup>(7)</sup>	\$12,289 <sup>(7)</sup>	\$17,827 <sup>(8)</sup>	£23,583	£8,339 <sup>(11)</sup>
<b>SSNOI Growth</b> <i>Year-over-year</i>	3.7%	(0.8%) <sup>(7)</sup>	(2.3%) <sup>(7)</sup>	<i>Data Not Available</i>	7.2%	<i>Data Not Available</i>

# Detailed Footnotes

1. Data as of 9/30/2017 for properties included in the seniors housing operating segment. Property age, housing value and household income are NOI-weighted as of September 30, 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. REVPOR is based on total 3Q17 results. Please see non-GAAP financial measures and reconciliations at the end of this presentation.
2. Average Trailing 4 quarters as of 6/30/2017 results for the following peers: HCP, SNR, SNH, SBRA, and VTR. Housing value and household income are based on 5-mile radius median data.
3. Average Trailing 4 quarters as of 6/30/2017 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, Claritas, and/or publicly available documents.
5. Per NIC 3Q17 Majority AL properties in primary and secondary markets.
6. US Median per Claritas 2018.
7. Derived or obtained from publicly available documents as of 2Q17.
8. The State of Seniors Housing 2017. Represents 2016 results.
9. Property age per LaingBuisson, Care of Older People 28th 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 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), 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

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

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, major capital restructurings 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.

# Historical In-Place NOI Reconciliations

\$s in thousands	Three months ended 9/30/17	
Net income	\$	89,299
Loss (gain) on real estate dispositions, net		(1,622)
Loss (income) from unconsolidated entities		(3,408)
Income tax expense (benefit)		669
Other expenses		99,595
Impairment of assets		-
Provision for loan losses		-
Loss (gain) on extinguishment of debt, net		-
Loss (gain) on derivatives, net		324
General and administrative expenses		29,913
Depreciation and amortization		230,138
Interest expense		122,578
Consolidated net operating income	\$	567,486
NOI attributable to unconsolidated investments		22,431
NOI attributable to noncontrolling interests		(30,538)
Pro rata net operating income (NOI)	\$	559,379
Interest income		(20,188)
Other income		(5,766)
Held for sale & dispositions		(1,945)
Non IP NOI		(13,725)
Timing adjustments <sup>(2)</sup>		2,356
In-P lace NOI	\$	520,111
Annualized In-P lace NOI	\$	2,080,444
In-P lace NOI by country		
United States	\$	432,607 83.2%
United Kingdom		43,058 8.3%
Canada		44,446 8.5%
Total In-P lace NOI	\$	520,111 100.0%
In-P lace NOI by property type		
Long-Term/Post-Acute	\$	67,388 13.0%
Seniors Housing Triple-Net		137,179 26.4%
Outpatient Medical		87,489 16.8%
Seniors Housing Operating		228,055 43.8%
Hospital		- 0.0%
Life Science		- 0.0%
Total In-P lace NOI	\$	520,111 100.0%

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

\$s in thousands	Three months ended 3/31/10	
Net income	\$	31,694
Loss (gain) on real estate dispositions, net		(6,718)
Loss (income) from unconsolidated entities		(768)
Income tax expense (benefit)		84
Other expenses		-
Loss (income) from discontinued operations, net		203
Provision for loan losses		-
Loss (gain) on extinguishment of debt, net		18,038
Transaction costs		7,714
General and administrative expenses		16,821
Depreciation and amortization		43,387
Interest expense		29,791
Consolidated net operating income	\$	140,246
NOI attributable to unconsolidated investments		2,624
NOI attributable to noncontrolling interests		-
Pro rata net operating income (NOI)	\$	142,870
Interest income		(9,048)
Other income		(996)
Held for sale & dispositions		-
Non IP NOI		(5,346)
Timing adjustments		-
In-P lace NOI	\$	127,480
Annualized In-P lace NOI	\$	509,920
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%

# In-Place NOI Concentration Reconciliations

\$s in thousands at Welltower pro rata ownership	% of SHO by Country	% of SHO	Seniors operating	Seniors housing triple-net	Long-term/post-acute	Outpatient medical	Total	% of Total	% of Country
Annualized three months ended September 30, 2017									
New York	8.0%	5.8%	\$ 53,116	\$ 68,928	\$ 18,637	\$ 4,831	\$ 145,512	7.0%	8.4%
Los Angeles	14.9%	10.9%	99,289	2,646	-	23,938	125,873	6.1%	7.3%
Philadelphia	1.5%	1.1%	10,041	25,708	35,860	21,219	92,828	4.5%	5.4%
Boston	9.7%	7.0%	64,288	1,723	11,808	1,092	78,911	3.8%	4.6%
Dallas	4.0%	2.9%	26,337	16,996	5,257	28,663	77,253	3.7%	4.5%
Seattle	3.1%	2.3%	20,658	19,297	-	13,107	53,062	2.6%	3.1%
Chicago	4.2%	3.1%	27,983	11,555	5,239	3,403	48,180	2.3%	2.8%
San Francisco	4.9%	3.6%	32,573	11,963	-	-	44,536	2.1%	2.6%
Houston	1.6%	1.2%	10,695	4,107	-	23,915	38,717	1.9%	2.2%
Washington DC	3.2%	2.3%	20,993	3,797	8,661	-	33,451	1.6%	1.9%
San Diego	4.4%	3.2%	29,105	-	2,732	1,446	33,283	1.6%	1.9%
San Jose	2.6%	1.9%	17,180	-	-	1,660	18,840	0.9%	1.1%
Other Top 31 US MSAs and Coastal States	32.7%	23.8%	217,536	172,984	101,505	116,864	608,889	29.3%	35.2%
Other United States	5.2%	3.7%	34,456	133,384	72,892	90,360	331,092	15.8%	19.0%
Total United States	100.0%	72.8%	664,250	473,088	262,591	330,498	1,730,427	83.2%	100.0%
London	68.7%	6.1%	55,439	31,581	-	19,458	106,478	5.1%	61.8%
Other Southern England	21.6%	1.9%	17,440	27,944	-	-	45,384	2.2%	26.4%
Other United Kingdom	9.7%	0.9%	7,826	12,544	-	-	20,370	1.0%	11.8%
Total United Kingdom	100.0%	8.9%	80,705	72,069	-	19,458	172,232	8.3%	100.0%
Toronto	24.4%	4.5%	40,756	-	-	-	40,756	2.0%	22.9%
Montreal	12.3%	2.3%	20,568	-	-	-	20,568	1.0%	11.6%
Ottawa	11.6%	2.1%	19,456	-	-	-	19,456	0.9%	10.9%
Calgary	6.4%	1.2%	10,700	-	6,961	-	17,661	0.8%	9.9%
Vancouver	8.3%	1.5%	13,916	1,484	-	-	15,400	0.7%	8.7%
Other Top 10 Canadian MSAs	13.0%	2.4%	21,725	-	-	-	21,725	1.0%	12.2%
Remaining Canada	24.0%	4.3%	40,144	2,075	-	-	42,219	2.1%	23.8%
Total Canada	100.0%	18.3%	167,265	3,559	6,961	-	177,785	8.5%	100.0%
Total In-Place NOI <sup>(1)</sup>			\$ 912,220	\$ 548,716	\$ 269,552	\$ 349,956	\$ 2,080,444	100.0%	
	% of Total		43.8%	26.4%	13.0%	16.8%	100.0%		
Sunrise Senior Living North America		26.9%	\$ 245,464	\$ -	\$ -	\$ -	\$ 245,464	11.8%	
Sunrise Senior Living United Kingdom		9.0%	81,775	-	-	-	81,775	3.9%	
Brookdale Senior Living		2.2%	20,395	129,351	-	-	149,746	7.2%	
Genesis Healthcare		0.0%	-	1,560	144,200	-	145,760	7.0%	
Revera		13.5%	123,342	-	-	-	123,342	5.9%	
Benchmark Senior Living		10.8%	98,690	-	-	-	98,690	4.7%	
Brandywine Senior Living		0.0%	-	74,225	-	-	74,225	3.6%	
Belmont Village		8.0%	72,716	-	-	-	72,716	3.5%	
Senior Resource Group		7.7%	70,636	-	-	-	70,636	3.4%	
Sagora Senior Living		3.6%	33,017	19,779	-	-	52,796	2.5%	
Avery		0.0%	(1069)	49,672	-	-	48,603	2.3%	
Remaining partners		18.3%	167,254	274,129	125,352	349,956	916,691	44.2%	
Total In-Place NOI <sup>(1)</sup>		100.0%	\$ 912,220	\$ 548,716	\$ 269,552	\$ 349,956	\$ 2,080,444	100.0%	
Notes:									
(1) Please refer to "Historical In-Place NOI Reconciliations" for a reconciliation of In-Place NOI to net income.									

# SSNOI Reconciliations

(dollars in thousands)	Three Months Ended						Y/o/Y
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17		
Net income	\$ 354,741	\$ 351,008	\$ 337,600	\$ 203,441	\$ 89,299		
Loss (gain) on real estate dispositions, net	(162,351)	(200,165)	(244,092)	(42,155)	(1622)		
Loss (income) from unconsolidated entities	1,749	2,829	23,106	3,978	(3,408)		
Income tax expense (benefit)	(305)	(6,585)	2,245	(8,448)	669		
Other expenses	-	8,838	11,675	6,339	99,595		
Impairment of assets	9,705	13,187	11,031	13,631	-		
Provision for loan losses	-	10,215	-	-	-		
Loss (gain) on extinguishment of debt, net	-	17,204	31,356	5,515	-		
Loss (gain) on derivatives, net	(2,516)	68	1,224	736	324		
Transaction costs	8,842	9,704	-	-	-		
General and administrative expenses	36,828	32,807	31,101	32,632	29,913		
Depreciation and amortization	218,061	227,916	228,276	224,847	230,138		
Interest expense	129,699	126,360	118,597	116,231	122,578		
Consolidated NOI from continuing operations <sup>(1)</sup>	\$ 605,453	\$ 583,486	\$ 552,129	\$ 556,747	\$ 567,486		
NOI attributable to unconsolidated investments	17,179	16,467	21,279	21,873	22,431		
NOI attributable to noncontrolling interests	(27,124)	(28,151)	(27,542)	(29,359)	(30,538)		
Pro rata net operating income (NOI)	\$ 595,508	\$ 571,802	\$ 545,866	\$ 549,261	\$ 559,379		
<b>Seniors Housing Triple-net</b>							
NOI	\$ 163,388	\$ 162,540	\$ 162,273	\$ 155,741	\$ 157,815		
Non-cash NOI on same store properties	(4,897)	(4,645)	(3,999)	(3,937)	(3,237)		
NOI attributable to non-same store properties	(36,804)	(35,357)	(35,716)	(30,309)	(32,271)		
Currency and ownership adjustments <sup>(2)</sup>	(3,803)	(3,148)	(1,877)	(444)	(663)		
Normalizing adjustments for rent reallocations <sup>(3)</sup>	186	62	-	-	-		
SSNOI	118,070	119,452	120,681	121,051	121,644		3.0%
<b>Long-Term/Post-Acute Care</b>							
NOI	145,933	115,631	89,316	87,925	88,494		
Non-cash NOI on same store properties	(10,215)	(9,871)	(7,515)	(6,514)	(7,631)		
NOI attributable to non-same store properties	(60,274)	(31,915)	(17,871)	(16,306)	(15,378)		
Currency and ownership adjustments <sup>(2)</sup>	(10,083)	(9,072)	(13)	13	(107)		
Normalizing adjustments for rent reallocations <sup>(3)</sup>	(1936)	(1,133)	-	-	-		
SSNOI	63,425	63,640	63,917	65,118	65,378		3.1%
<b>Seniors Housing Operating</b>							
NOI	196,885	206,527	206,296	215,402	221,490		
Non-cash NOI on same store properties	1,167	(6)	34	377	4		
NOI attributable to non-same store properties	(7,773)	(19,951)	(8,664)	(17,572)	(20,538)		
Currency and ownership adjustments <sup>(2)</sup>	(1,755)	128	(170)	(197)	(3,459)		
Normalizing adjustment for technology costs <sup>(4)</sup>	138	-	-	-	196		
Other normalizing adjustments <sup>(5)</sup>	225	219	630	(118)	229		
SSNOI	190,068	186,917	188,126	197,892	197,922		4.1%
<b>Outpatient Medical</b>							
NOI	89,127	87,221	87,836	90,167	90,940		
Non-cash NOI on same store properties	(2,725)	(2,506)	(2,371)	(2,416)	(1,975)		
NOI attributable to non-same store properties	(3,660)	(880)	(2,322)	(4,180)	(4,661)		
Currency and ownership adjustments <sup>(2)</sup>	(267)	(239)	(306)	44	(226)		
Other normalizing adjustments <sup>(3)</sup>	(335)	(335)	(5)	(155)	-		
SSNOI	82,140	83,261	82,832	83,460	84,078		2.4%
<b>Corporate &amp; Land</b>							
NOI	175	(117)	145	26	640		
NOI attributable to non-same store properties	(175)	117	(145)	(26)	(640)		
SSNOI	-	-	-	-	-		
<b>Total</b>							
NOI	\$ 595,508	\$ 571,802	\$ 545,866	\$ 549,261	\$ 559,379		
Non-cash NOI on same store properties	(16,670)	(17,028)	(13,851)	(12,490)	(12,839)		
NOI attributable to non-same store properties	(108,686)	(87,986)	(74,718)	(68,393)	(73,488)		
Currency and ownership adjustments	(15,908)	(12,331)	(2,366)	(584)	(4,455)		
Normalizing adjustments, net	(541)	(1,187)	625	(273)	425		
SSNOI	\$ 453,703	\$ 453,270	\$ 455,556	\$ 467,521	\$ 469,022		3.4%

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 property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.334294 and to translate UK properties at a GBP/USD rate of

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

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

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

# SHO Same Store Reconciliations

(dollars in thousands, except REVPOR & SSNO/unit)	United States		United Kingdom		Canada		Total	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17
<b>SHO SS REVPOR Growth:</b>								
Consolidated SHO revenues <sup>(1)</sup>	\$ 455,020	\$ 518,883	\$ 69,311	\$ 73,176	\$ 107,457	\$ 111,818	\$ 631,788	\$ 703,877
Unconsolidated SHO revenues attributable to Welltower <sup>(2)</sup>	20,553	21,050	-	-	19,837	21,001	40,390	42,051
SHO revenues attributable to noncontrolling interests <sup>(3)</sup>	(28,638)	(30,822)	(3,392)	(4,761)	(25,147)	(26,324)	(57,177)	(61,907)
SHO pro rata revenues <sup>(4)</sup>	446,935	509,111	65,919	68,415	102,147	106,495	615,001	684,021
Non-cash revenues on same store properties	(9)	(289)	(41)	(20)	-	-	(50)	(309)
Revenues attributable to non-same store properties	(17,416)	(70,678)	(8,887)	(9,812)	(1,243)	(678)	(27,546)	(81,168)
Currency and ownership adjustments <sup>(5)</sup>	122	-	(2,797)	(2,703)	(2,251)	(6,481)	(4,926)	(9,184)
SHO SS revenues <sup>(6)</sup>	\$ 429,632	\$ 438,144	\$ 54,194	\$ 55,880	\$ 98,653	\$ 99,336	\$ 582,479	\$ 593,360
Avg. occupied units/month <sup>(7)</sup>	20,796	20,444	2,249	2,227	12,293	12,001	35,338	34,642
SHO SS REVPOR <sup>(8)</sup>	\$ 6,830	\$ 7,096	\$ 7,967	\$ 8,296	\$ 2,653	\$ 2,737	\$ 5,450	\$ 5,663
SS REVPOR YOY growth		3.9%		4.1%		3.2%		3.9%
<b>SHO SS NOI Growth:</b>								
Consolidated SHO NOI <sup>(1)</sup>	\$ 139,822	\$ 161,754	\$ 19,597	\$ 20,083	\$ 40,076	\$ 43,263	\$ 199,495	\$ 225,100
Unconsolidated SHO NOI attributable to Welltower <sup>(2)</sup>	8,619	8,054	-	-	8,231	8,864	16,850	16,918
SHO NOI attributable to noncontrolling interests <sup>(3)</sup>	(9,744)	(9,885)	(160)	(346)	(9,556)	(10,297)	(19,460)	(20,528)
SHO pro rata NOI <sup>(4)</sup>	138,697	159,923	19,437	19,737	38,751	41,830	196,885	221,490
Non-cash NOI on same store properties	1,208	24	(41)	(20)	-	-	1,167	4
NOI attributable to non-same store properties	(6,809)	(20,530)	(580)	190	(384)	(198)	(7,773)	(20,538)
Currency and ownership adjustments <sup>(5)</sup>	26	-	(923)	(913)	(858)	(2,546)	(1,755)	(3,459)
Other normalizing adjustments <sup>(9)</sup>	1,544	229	-	196	-	-	1,544	425
SHO pro rata SSNOI <sup>(6)</sup>	\$ 134,666	\$ 139,646	\$ 17,893	\$ 19,190	\$ 37,509	\$ 39,086	\$ 190,068	\$ 197,922
SHO SSNOI growth		3.7%		7.2%		4.2%		4.1%
<b>SHO SSNOI/Unit:</b>								
Trailing four quarters' SSNOI <sup>(4)</sup>		\$ 543,486		\$ 76,132		\$ 151,239		\$ 770,857
Average units in service <sup>(10)</sup>		23,166		2,586		13,242		38,994
SSNOI/unit in USD		\$ 23,461		\$ 29,440		\$ 11,421		\$ 19,769
SSNOI/unit in local currency <sup>(5)</sup>				£ 23,583		C \$ 15,239		

## Notes:

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

(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 SSNOI Reconciliations for more information.

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

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

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

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

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

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

# SHO REVPOR Reconciliation

Dollars in thousands, except REVPOR	Three months ended 9/30/17:			
	CA	UK	US	Total
Consolidated SHO revenues	\$ 111,818	\$ 73,176	\$ 518,883	\$ 703,877
Unconsolidated SHO revenues attributable to Welltower <sup>(1)</sup>	21,001	-	21,050	42,051
SHO revenues attributable to noncontrolling interests <sup>(2)</sup>	(26,324)	(4,761)	(30,822)	(61,907)
SHO pro rata revenues	106,495	68,415	509,111	684,021
SHO interest and other income	(55)	(22)	(1,355)	(1,432)
SHO revenues attributable to held for sale properties	-	(429)	(1,326)	(1,755)
Adjustment for standardized currency rates <sup>(3)</sup>	(6,519)	(3,140)	-	(9,659)
SHO local revenues	\$ 99,921	\$ 64,824	\$ 506,430	\$ 671,175
Average occupied units/month	12,075	2,671	24,092	38,838
REVPOR/month in USD	\$ 2,736	\$ 8,023	\$ 6,950	\$ 5,714
REVPOR/month in local currency <sup>(3)</sup>	C\$ 3,650	£ 6,427		

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		
	9/30/2017		
	Total	Non Core <sup>(1)</sup>	Core
OM revenues	\$ 132,287	\$ (717)	\$ 131,570
OM property operating expenses	(41,347)	353	(40,994)
OM Core NOI	\$ 90,940	\$ (364)	\$ 90,576
OM Core NOI margin			68.8%
OM Core NOI			\$ 90,576
Less: In-Place NOI adjustments			(3,087)
OM In-Place NOI			87,489
OM In-Place NOI Annualized			\$ 349,956
OM Core NOI			\$ 90,576
Less: Interest Income			-
OM Core Rental NOI			\$ 90,576
Total square feet			17,337,256
Less: loans, development, held for sale			(484,482)
Pro rata adjustments <sup>(2)</sup>			(790,319)
Pro rata rental square feet			16,062,455
OM Core Rental NOI per square foot annualized			\$ 22.56
OM Core Rental NOI			\$ 90,576
Non health system affiliated NOI			(4,025)
OM health system affiliated Core NOI			\$ 86,551
OM health system affiliated Core NOI%			95.6%
Notes:			
Unless otherwise noted, amounts presented on Welltower pro rata ownership basis and excludes assets sold or held for sale. See "Historical In-Place NOI Reconciliations" and "In-Place NOI Concentration Reconciliations" for reconciliation to net income.			
(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.			

# 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.

# EBITDA/A-EBITDA Reconciliations

Dollars in thousands	Three Months Ended December 31, 2013	Three Months Ended September 30, 2017
Net income	\$ 25,696	\$ 89,299
Interest expense <sup>(1)</sup>	124,485	122,578
Income tax expense (benefit)	435	669
Depreciation and amortization <sup>(1)</sup>	243,380	230,138
<b>EBITDA</b>	<b>393,996</b>	<b>442,684</b>
Loss (income) from unconsolidated entities	4,659	(3,408)
Stock-based compensation	3,527	6,790
Provision for loan losses	2,110	-
Loss (gain) on extinguishment of debt	3,467	-
Loss/impairment (gain) on properties, net	8,064	(1,622)
Loss (gain) on derivatives	6	324
Other expenses and transaction costs <sup>(2)</sup>	15,693	98,214
<b>Adjusted EBITDA</b>	<b>\$ 431,522</b>	<b>\$ 542,982</b>
<b>Interest Coverage Ratio:</b>		
Interest expense <sup>(1)</sup>	\$ 124,485	\$ 122,578
Non-cash interest expense	(264)	(3,199)
Capitalized interest	2,003	2,545
Total interest	126,224	121,924
Adjusted EBITDA	\$ 431,522	\$ 542,982
Interest coverage ratio - adjusted	3.4x	4.5x
<b>Fixed Charge Coverage Ratio:</b>		
Total interest <sup>(1)</sup>	\$ 126,224	\$ 121,924
Secured debt principal amortization	16,312	15,300
Preferred dividends	16,531	11,676
Total fixed charges	159,067	148,900
Adjusted EBITDA	\$ 431,522	\$ 542,982
Fixed charge coverage ratio - adjusted	2.7x	3.6x
<b>Net Debt to Adjusted EBITDA Ratio:</b>		
Total debt	\$ 10,652,014	\$ 11,521,592
Less: cash and cash equivalents <sup>(3)</sup>	(158,780)	(250,776)
Net debt	10,493,234	11,270,816
Adjusted EBITDA annualized	\$ 1,726,088	\$ 2,171,928
Net debt to adjusted EBITDA ratio	6.08x	5.19x
Notes:		
(1) 2013 includes amounts related to properties sold or classified as held for sale.		
(2) Certain severance-related costs are included in stock-based compensation and excluded from other expenses.		
(3) Includes IRC section 1031 deposits, if any.		

# Capitalization Ratios

Dollars in thousands	12/31/2013	9/30/2017
<b>Net Debt to Undepreciated Book Capitalization:</b>		
Line of credit	\$ 130,000	\$ 420,000
Long-term debt obligations	10,522,014	11,101,592
Cash and cash equivalents <sup>(1)</sup>	(158,780)	(250,776)
Net debt	10,493,234	11,270,816
Accumulated depreciation and amortization	2,386,658	4,826,418
Total equity <sup>(2)</sup>	11,791,370	15,631,412
Undepreciated book capitalization	\$ 24,671,262	\$ 31,728,646
Net debt to undepreciated book capitalization ratio	42.5%	35.5%
<b>Net Debt to Enterprise Value:</b>		
Outstanding common stock (000s)	289,564	370,342
Period end share price	\$ 53.57	\$ 70.28
Common equity market capitalization	\$ 15,511,943	26,027,636
Net debt	10,493,234	11,270,816
Preferred stock	1,017,361	718,503
Noncontrolling interests <sup>(2)</sup>	376,787	901,487
Enterprise value	\$ 27,399,325	\$ 38,918,442
Net debt to enterprise value ratio	38.3%	29.0%
Notes:		
(1) Inclusive of IRC section 1031 deposits.		
(2) Includes all noncontrolling interests (redeemable and permanent).		