



SEC Reg. G Compliance - Non-GAAP Financial Measures

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Funds From Operations (FFO) Reconciliation, Including Non-Cash Items¹ (\$ in 000s, except per share amounts)

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| | | | | | | | Tentative Estimates | | Midpoint YOY Growth |
|--|---------------|------------|------------|--------------|---------------|------------|---------------------|--------------|---------------------------|
| | | | | | | | Preliminary and | | |
| | | | | | | | Subject to Change | | |
| | 2013 Quarters | | | | 2014 Quarters | | FY2014 - Guidance | | |
| | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Low | High | '13-'14E |
| Net income attributable to common stockholders | \$ 114,580 | \$ 118,296 | \$ 108,440 | \$ 453,509 | \$ 121,047 | \$ 138,398 | \$ 461,351 | \$ 503,211 | |
| Net income attributable to common stockholders per share | \$ 0.39 | \$ 0.40 | \$ 0.37 | \$ 1.54 | \$ 0.41 | \$ 0.47 | \$ 1.56 | \$ 1.70 | |
| Adjustments: | | | | | | | | | |
| Depreciation and amortization on real estate assets | 170,111 | 175,591 | 196,520 | 716,412 | 192,043 | 189,219 | 785,336 | 775,336 | |
| Depreciation on real estate assets related to noncontrolling | (2,617) | (2,719) | (2,674) | (10,512) | (2,644) | (2,661) | (9,657) | (11,657) | |
| Depreciation on real estate assets related to unconsolidated | 1,622 | 1,634 | 1,641 | 6,543 | 1,494 | 1,495 | 6,489 | 5,489 | |
| Gain on re-measurement of equity interest upon acquisition, net | — | — | — | (1,241) | — | — | — | — | |
| Gain on real estate dispositions | — | — | — | — | (1,000) | (11,889) | (12,889) | (32,889) | |
| Discontinued operations: | | | | | | | | | |
| Gain on real estate dispositions | (1,718) | (488) | (1,376) | (4,059) | (1,438) | (45) | (483) | (2,483) | |
| Depreciation and amortization on real estate assets | 22,463 | 11,354 | 2,514 | 47,806 | 281 | 1,247 | 1,628 | 2,628 | |
| Subtotal: FFO add-backs | 189,861 | 185,372 | 196,625 | 754,949 | 188,736 | 177,366 | 770,424 | 736,424 | |
| Subtotal: FFO add-backs per share | \$ 0.64 | \$ 0.63 | \$ 0.66 | \$ 2.56 | \$ 0.64 | \$ 0.60 | \$ 2.60 | \$ 2.48 | |
| FFO | \$ 304,441 | \$ 303,668 | \$ 305,065 | \$ 1,208,458 | \$ 309,783 | \$ 315,764 | \$ 1,231,775 | \$ 1,239,635 | 2% |
| FFO per share | \$ 1.03 | \$ 1.03 | \$ 1.03 | \$ 4.09 | \$ 1.05 | \$ 1.07 | \$ 4.15 | \$ 4.18 | 2% |
| Adjustments: | | | | | | | | | |
| Change in fair value of financial instruments | — | — | 424 | 449 | (68) | 109 | 41 | 41 | |
| Non-cash income tax (benefit) expense | (12,064) | (2,780) | 1,272 | (11,828) | 3,433 | 2,974 | 11,500 | 9,500 | |
| (Gain) loss on extinguishment of debt, net | (873) | (189) | 2,110 | 1,048 | (810) | 2,924 | 1,797 | 3,797 | |
| Merger-related expenses and deal costs | 6,592 | 6,209 | 4,497 | 21,560 | 10,761 | 9,602 | 55,000 | 60,000 | |
| Amortization of other intangibles | 255 | 256 | 255 | 1,022 | 256 | 255 | 1,522 | 522 | |
| Subtotal: normalized FFO add-backs | (6,090) | 3,496 | 8,558 | 12,251 | 13,572 | 15,864 | 69,860 | 73,860 | |
| Subtotal: normalized FFO add-backs per share | \$ (0.02) | \$ 0.01 | \$ 0.03 | \$ 0.04 | \$ 0.05 | \$ 0.05 | \$ 0.24 | \$ 0.25 | |
| Normalized FFO | \$ 298,351 | \$ 307,164 | \$ 313,623 | \$ 1,220,709 | \$ 323,355 | \$ 331,628 | \$ 1,301,635 | \$ 1,313,495 | 7% |
| Normalized FFO per share | \$ 1.01 | \$ 1.04 | \$ 1.06 | \$ 4.14 | \$ 1.09 | \$ 1.12 | \$ 4.39 | \$ 4.43 | 7% |
| Non-cash items included in normalized FFO: | | | | | | | | | |
| Amortization of deferred revenue and lease intangibles, net | (3,693) | (4,156) | (4,634) | (15,793) | (5,383) | (4,496) | (17,542) | (18,542) | |
| Other non-cash amortization, including fair market value of debt | (4,072) | (3,975) | (3,369) | (16,745) | (1,965) | (963) | (2,294) | (2,794) | |
| Stock-based compensation | 5,138 | 4,210 | 5,643 | 20,653 | 6,044 | 5,367 | 21,500 | 24,200 | |
| Straight-lining of rental income, net | (6,465) | (6,835) | (9,375) | (30,540) | (7,914) | (9,317) | (38,348) | (39,848) | |
| Subtotal: non-cash items included in normalized FFO | (9,092) | (10,756) | (11,735) | (42,425) | (9,218) | (9,409) | (36,684) | (36,984) | |
| Subtotal: non-cash items included in normalized FFO per | \$ (0.03) | \$ (0.04) | \$ (0.04) | \$ (0.14) | \$ (0.03) | \$ (0.03) | \$ (0.12) | \$ (0.12) | |
| Normalized FFO, excluding non-cash items | \$ 289,259 | \$ 296,408 | \$ 301,888 | \$ 1,178,284 | \$ 314,137 | \$ 322,219 | \$ 1,264,951 | \$ 1,276,511 | 8% |
| Normalized FFO per share, excluding non-cash items | \$ 0.98 | \$ 1.00 | \$ 1.02 | \$ 3.99 | \$ 1.06 | \$ 1.09 | \$ 4.27 | \$ 4.31 | 8% |
| Weighted average diluted shares | 295,123 | 295,190 | 296,047 | 295,110 | 296,245 | 296,504 | 296,500 | 296,500 | |

¹ Totals and per share amounts may not add due to rounding. Per share quarterly amounts may not add to annual per share amounts due to material changes in the Company's weighted average diluted share count, if any.

For the Six Months Ended June 30, 2014 and 2013 Normalized Funds from Operations (FFO) (\$ in 000s, except per share amounts)

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| | For the Six Months Ended June 30, | |
|---|--|-------------------|
| | 2014 | 2013 |
| Net income attributable to common stockholders | \$ 259,445 | \$ 226,773 |
| Adjustments: | | |
| Depreciation and amortization on real estate assets | 381,262 | 344,301 |
| Depreciation on real estate assets related to noncontrolling interest | (5,305) | (5,119) |
| Depreciation on real estate assets related to unconsolidated entities | 2,989 | 3,268 |
| Gain on re-measurement of equity interest upon acquisition, net | — | (1,241) |
| Gain on real estate dispositions | (12,889) | — |
| Discontinued operations: | | |
| Gain on real estate dispositions | (1,483) | (2,195) |
| Depreciation and amortization on real estate assets | 1,528 | 33,938 |
| FFO | 625,547 | 599,725 |
| Change in fair value of financial instruments | 41 | 25 |
| Income tax expense (benefit) | 6,407 | (10,320) |
| Loss (gain) on extinguishment of debt, net | 2,114 | (873) |
| Merger-related expenses and deal costs | 20,363 | 10,854 |
| Amortization of other intangibles | 511 | 511 |
| Normalized FFO | \$ 654,983 | \$ 599,922 |
| Per diluted share ¹ : | | |
| Net income attributable to common stockholders | 0.88 | 0.77 |
| Adjustments: | | |
| Depreciation and amortization on real estate assets | 1.29 | 1.17 |
| Depreciation on real estate assets related to noncontrolling interest | (0.02) | (0.02) |
| Depreciation on real estate assets related to unconsolidated entities | 0.01 | 0.01 |
| Gain on re-measurement of equity interest upon acquisition, net | — | (0.00) |
| Gain on real estate dispositions | (0.04) | — |
| Discontinued operations: | | |
| Gain on real estate dispositions | (0.01) | (0.01) |
| Depreciation and amortization on real estate assets | 0.01 | 0.12 |
| FFO | 2.11 | 2.04 |
| Change in fair value of financial instruments | 0.00 | 0.00 |
| Income tax expense (benefit) | 0.02 | (0.04) |
| Loss (gain) on extinguishment of debt, net | 0.01 | (0.00) |
| Merger-related expenses and deal costs | 0.07 | 0.04 |
| Amortization of other intangibles | 0.00 | 0.00 |
| Normalized FFO | 2.21 | 2.04 |

¹ Per share amounts may not add due to rounding.

Adjusted Pro Forma¹ EBITDA and Net Debt to Adjusted Pro Forma¹ EBITDA (\$ in 000s)

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| | For the Three Months Ended | |
|---|----------------------------|-------------------------|
| | June 30, 2014 | March 31, 2014 |
| Net income attributable to common stockholders | \$ 138,398 | \$ 121,047 |
| Pro forma adjustments for current period investments, capital transactions and dispositions | 4,257 | 3,407 |
| Pro forma net income | 142,655 | 124,454 |
| Add back: | | |
| Pro forma interest | 91,468 | 89,280 |
| Pro forma depreciation and amortization | 192,404 | 193,816 |
| Stock-based compensation | 5,367 | 6,044 |
| Gain on real estate dispositions | (11,705) | (2,437) |
| Loss (gain) on extinguishment of debt, net | 2,924 | (259) |
| Income from unconsolidated entities | (348) | (248) |
| Noncontrolling interest | 168 | 227 |
| Income tax expense | 3,274 | 3,433 |
| Change in fair value of financial instruments | 109 | (68) |
| Other taxes | 1,303 | 1,227 |
| Pro forma merger-related expenses and deal costs | 9,021 | 10,760 |
| Adjusted Pro Forma EBITDA | \$ 436,640 | \$ 426,229 |
| Adjusted Pro Forma EBITDA annualized | \$ 1,746,560 | \$ 1,704,916 |
| | | |
| | As of June 30, 2014 | As of March 31, 2014 |
| | \$ 9,602,439 | \$ 9,481,051 |
| Debt | | |
| Cash, adjusted for cash escrows pertaining to debt and debt related to assets held for sale | (66,214) | (84,933) |
| Net debt | \$ 9,536,225 | \$ 9,396,118 |
| | | |
| Net debt to Adjusted Pro Forma EBITDA | 5.5 x | 5.5 x |

¹ The following information considers the pro forma effect on net income, interest, depreciation and merger-related expenses and deal costs of the Company's investments and other capital transactions that were completed during the three months ended June 30, 2014 and March 31, 2014, as if the transactions had been consummated as of the beginning of the period. The above table illustrates net debt to pro forma earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding gains or losses on extinguishment of debt, income or loss from noncontrolling interest and unconsolidated entities, loss from merger-related expenses and deal costs, net gains on real estate activity and changes in the fair value of financial instruments (including amounts in discontinued operations) ("Adjusted Pro Forma EBITDA").

Adjusted Pro Forma¹ EBITDA and Fixed Charge Coverage Ratio (\$ in 000s)

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| | For the Trailing Twelve Months Ended June 30, 2014 |
|---|---|
| Net income attributable to common stockholders | \$ 486,181 |
| Adjustments for current period investments, capital transactions and dispositions | 72,676 |
| Pro forma net income for the trailing twelve months ended June 30, 2014 | 558,857 |
| Add back: | |
| Pro forma interest | 361,464 |
| Pro forma depreciation and amortization | 774,889 |
| Stock-based compensation | 21,264 |
| Gain on real estate dispositions | (16,236) |
| Loss on extinguishment of debt, net | 4,586 |
| Income tax expenses | 4,899 |
| Other taxes | 4,846 |
| Pro forma merger-related expenses and deal costs | 26,940 |
| Adjusted Pro Forma EBITDA | \$ 1,741,509 |
| Adjusted pro forma fixed charges: | |
| Adjusted interest | \$ 332,939 |
| Scheduled principal debt payments | 47,201 |
| Non-cash amortization and pro forma adjustments | (6,370) |
| Total pro forma fixed charges | \$ 373,770 |
| Adjusted pro forma fixed charge coverage ratio | 4.7 x |

¹ The following information considers the pro forma effect on net income, interest and depreciation of the Company's investments and other capital transactions that were completed during the trailing twelve months ended June 30, 2014, as if the transactions had been consummated as of the beginning of the period. The above table illustrates pro forma earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense), excluding gains or losses on extinguishment of debt, merger-related expenses and deal costs, net gains on real estate activity and changes in the fair value of financial instruments (including amounts in discontinued operations) ("Adjusted Pro Forma EBITDA").

NON-GAAP FINANCIAL MEASURES RECONCILIATION

NOI by Segment (In thousands)

| | 2014 Quarters | | 2013 Quarters | | |
|--|---------------|------------|---------------|------------|------------|
| | Second | First | Fourth | Third | Second |
| Revenues | | | | | |
| <i>Triple-Net</i> | | | | | |
| Triple-Net Rental Income | \$ 242,726 | \$ 237,846 | \$ 232,873 | \$ 218,698 | \$ 213,171 |
| <i>Medical Office Buildings</i> | | | | | |
| Medical Office - Stabilized | 101,795 | 101,259 | 100,492 | 101,023 | 95,050 |
| Medical Office - Lease up | 6,839 | 7,324 | 7,529 | 7,213 | 8,719 |
| Medical Office - Other | 6,256 | 6,640 | 6,614 | 6,543 | 6,508 |
| Total Medical Office Buildings - Rental Income | 114,890 | 115,223 | 114,635 | 114,779 | 110,277 |
| Total Rental Income | 357,616 | 353,069 | 347,508 | 333,477 | 323,448 |
| Medical Office Building Services Revenue | 2,722 | 4,652 | 4,851 | 2,530 | 2,159 |
| Total Medical Office Buildings - Revenue | 117,612 | 119,875 | 119,486 | 117,309 | 112,436 |
| Triple-Net Services Revenue | 1,145 | 1,148 | 1,127 | 1,116 | 1,115 |
| Non-Segment Services Revenue | 500 | 500 | 500 | 500 | 263 |
| Total Medical Office Building and Other Services | 4,367 | 6,300 | 6,478 | 4,146 | 3,537 |
| <i>Seniors Housing Operating</i> | | | | | |
| Seniors Housing - Stabilized | 363,618 | 361,404 | 360,064 | 355,294 | 336,754 |
| Seniors Housing - Lease up | 10,227 | 9,018 | 5,422 | 3,152 | 4,114 |
| Seniors Housing - Other | 628 | 639 | 643 | 666 | 726 |
| Total Resident Fees and Services | 374,473 | 371,061 | 366,129 | 359,112 | 341,594 |
| Non-Segment Income from Loans and Investments | 14,625 | 10,767 | 12,924 | 14,448 | 14,733 |
| Total Revenues, excluding Interest and Other | 751,081 | 741,197 | 733,039 | 711,183 | 683,312 |

NOI Reconciliation by Segment ^{1,2} (\$ in 000s) (Continued)

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| | 2014 Quarters | | 2013 Quarters | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Second | First | Fourth | Third | Second |
| Property-Level Operating Expenses | | | | | |
| <i>Medical Office Buildings</i> | | | | | |
| Medical Office - Stabilized | 33,641 | 33,545 | 32,296 | 34,646 | 32,119 |
| Medical Office - Lease up | 2,733 | 2,783 | 2,620 | 2,830 | 3,101 |
| Medical Office - Other | 2,961 | 3,017 | 3,022 | 3,090 | 2,931 |
| Total Medical Office Buildings | 39,335 | 39,345 | 37,938 | 40,566 | 38,151 |
| <i>Seniors Housing Operating</i> | | | | | |
| Seniors Housing - Stabilized | 241,380 | 241,298 | 245,404 | 241,319 | 227,907 |
| Seniors Housing - Lease up | 7,473 | 6,420 | 4,145 | 2,392 | 2,814 |
| Seniors Housing - Other | 571 | 577 | 574 | 605 | 616 |
| Total Seniors Housing | 249,424 | 248,295 | 250,123 | 244,316 | 231,337 |
| Total Property-Level Operating Expenses | 288,759 | 287,640 | 288,061 | 284,882 | 269,488 |
| Medical Office Building Services Costs | 1,626 | 3,371 | 3,358 | 1,651 | 1,667 |
| Net Operating Income | | | | | |
| <i>Triple-Net</i> | | | | | |
| Triple-Net Properties | 242,726 | 237,846 | 232,873 | 218,698 | 213,171 |
| Triple-Net Services Revenue | 1,145 | 1,148 | 1,127 | 1,116 | 1,115 |
| Total Triple-Net | 243,871 | 238,994 | 234,000 | 219,814 | 214,286 |
| <i>Medical Office Buildings</i> | | | | | |
| Medical Office - Stabilized | 68,154 | 67,714 | 68,196 | 66,377 | 62,931 |
| Medical Office - Lease up | 4,106 | 4,541 | 4,909 | 4,383 | 5,618 |
| Medical Office - Other | 3,295 | 3,623 | 3,592 | 3,453 | 3,577 |
| Medical Office Buildings Services | 1,096 | 1,281 | 1,493 | 879 | 492 |
| Total Medical Office Buildings | 76,651 | 77,159 | 78,190 | 75,092 | 72,618 |
| <i>Seniors Housing Operating</i> | | | | | |
| Seniors Housing - Stabilized | 122,238 | 120,106 | 114,660 | 113,975 | 108,847 |
| Seniors Housing - Lease up | 2,754 | 2,598 | 1,277 | 760 | 1,300 |
| Seniors Housing - Other | 57 | 62 | 69 | 61 | 110 |
| Total Seniors Housing | 125,049 | 122,766 | 116,006 | 114,796 | 110,257 |
| Non-Segment | 15,125 | 11,267 | 13,424 | 14,948 | 14,996 |
| Net Operating Income | <u>\$ 460,696</u> | <u>\$ 450,186</u> | <u>\$ 441,620</u> | <u>\$ 424,650</u> | <u>\$ 412,157</u> |

¹ Amounts above are adjusted to exclude discontinued operations for all periods presented.

² Amounts above are not restated for changes between categories from quarter to quarter.