



Figure 94: HCN 3Q16 results preview

HCN	3Q15	2Q16	3Q16			2016			
	Actual	Actual	Actual	DBe	Cons	Pre 3Q Guide	Post 3Q Guide	DBe	Cons
Earnings									
Normalized FFO/sh ex-items	\$1.12	\$1.15		\$1.13	\$1.14	\$4.50 - \$4.60		\$4.56	\$4.58
Operating Metrics	Actual	Actual	Actual	DBe		Pre 3Q Guide	Post 3Q Guide	DBe	
SS NOI growth y/y (cash)	3.0%	3.3%				2.75% - 3.25%			
SS NOI growth y/y (Sen Housing NNN)	3.3%	2.8%							
SS NOI growth y/y (Post Acute)	3.4%	3.6%							
SS NOI growth y/y (Sen Housing Operating)	2.7%	4.0%							
SS NOI growth y/y (MOB)	2.5%	2.4%							
EBITDAR coverage (stable portfolio, TTM basis)	1.25x	1.21x							
Private pay (% of facility revenue, stable portfolio)	87.3%	89.2%							
SNF occupancy (stable portfolio)	85.9%	86.9%							
Senior Housing Operating occupancy (stable portfolio)	90.5%	91.0%							
MOB occupancy (total)	95.2%	94.9%							

Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16

Note: SNF data is LT/Post Acute in 4Q14 and beyond

- Growth trajectory of senior housing portfolio in the UK and Canada. All four SHOP development projects scheduled for 4Q16 delivery and two NNN projects scheduled for 3Q16 are in the UK
- More detail on the recently completed acquisition of \$1.15B sr. housing assets in California as well as HCN's outlook for further capital deployment
- Update on the development pipeline and yields. Deliveries for 3Q16 include four senior housing NNN assets (two in the UK) and one MOB with a projected yield of 7.0%
- Update on the start timing of HCN's memory care project in Manhattan (The Welltower)
- Update on timing of \$1.3B in planned dispositions. Our model reflects \$803MM of sales and repayments in 3Q16 and \$204MM in 4Q16
- Progress on decreasing SNF exposure with 60% of \$1.3B dispo guidance consisting of SNF assets. Update on sales from the Genesis portfolio and any plans to dispose of additional Genesis assets (management indicated this could be a possibility on 2Q's call)
- Outlook for the post-acute care segment including an update on Genesis
- Supply update in HCN's markets with Chicago and Atlanta being highlighted earlier this year of facing supply pressure and having weaker economies

Source: Deutsche Bank, company data, Thomson