



Figure 95: VTR 3Q16 results preview

VTR	3Q15	2Q16	3Q16			2016			
	Actual	Actual	Actual	DBe	Cons	Pre 3Q Guide	Post 3Q Guide	DBe	Cons
Earnings									
Normalized FFO/sh	\$1.09	\$1.04		\$1.01	\$1.00	\$4.05 - \$4.13		\$4.10	\$4.12
Normalized FAD/sh	\$0.97	\$0.96		\$0.90		\$3.69 - \$3.73		\$3.70	
Operating Metrics	Actual	Actual	Actual	DBe		Pre 3Q Guide	Post 3Q Guide	DBe	
Total SS NOI growth (cash, y/y)	4.3%	3.5%				2.0% - 3.0%			
SHOP SS NOI growth (cash, y/y)	3.2%	2.1%				1.5% - 3.0%			
SS Avg occupancy ch (y/y)	-0.3%	-0.7%							
SS Avg monthly REVPOOR growth (y/y)	3.5%	3.9%							
NNN SS NOI growth (cash, y/y)	5.7%	6.2%				3.5% - 4.0%			
Total Coverage	1.6x	1.7x							
MOB SS NOI growth (cash, y/y)	3.1%	0.8%				1.0% - 2.0%			
End occupancy ch (y/y)	-0.4%	-0.7%							
Avg rent per occupied sf (y/y)	2.6%	0.9%							

Note: consensus data is based on Thomson compiled data as of 10/14/16. Historical data has not been restated

- Updated views on acute care hospitals including sector outlook, commentary on the recent debt investment in the Ardent/LHP merger, and plans for further expanding hospital exposure
- Expect an update on the six development projects VTR had at the end of 2Q and the two in-process developments acquired from Wexford
- Updated outlook for future growth opportunities resulting from the exclusive development agreement with Wexford and the 9 development sites VTR acquired
- Update on disposition plans. Our model assumes \$300MM in 3Q16 and \$75MM in 4Q16
- Update on seniors housing supply in VTR's markets, most notably Atlanta, Denver, San Francisco, and Sacramento
- Updated plans to fully fund the Wexford deal and the new Ardent debt investment after a \$450MM senior note issuance in September
- Operator update including comments on recent Kindred performance
- We are updating our model for the recently announced debt investment to help fund the Ardent operating company merger with LHP and recent financing activity. Our 3Q16 normalized and NAREIT FFO/sh estimates are unchanged. Our 2016 norm and NAREIT FFO/sh estimates are both unchanged at \$4.10 and \$4.07, respectively. Our 2017 norm. FFO/sh moves to \$4.42 from \$4.34 and our NAREIT FFO/sh estimate moves to \$4.42 from \$4.33, which reflect the new \$700MM debt investment in 1Q17 and additional debt financing activity in 2H17. Please see Figure 98 for a summary of our full year estimate revisions.

Source: Deutsche Bank, company data, Thomson