



SEC Reg. G Compliance - Non-GAAP Financial Measures

Excellence.
Sustained.®

Funds From Operations (FFO) and Funds Available for Distribution (FAD) Reconciliation¹ (dollars in thousands, except per share amounts)

Excellence.
Sustained.®

	2019			2020			Q3 YoY Growth	
	Q3	Q4	FY	Q1	Q2	Q3	YTD	'19-'20
Net income (loss) attributable to common stockholders	\$ 85,259	\$ 11,443	\$ 433,016	\$ 473,117	\$ (157,170)	\$ 12,751	\$ 328,698	(85%)
<i>Net income (loss) attributable to common stockholders per share²</i>	\$ 0.23	\$ 0.03	\$ 1.17	\$ 1.26	\$ (0.42)	\$ 0.03	\$ 0.87	(87%)
Adjustments:								
Depreciation and amortization on real estate assets	233,078	347,371	1,039,550	247,330	348,110	247,969	843,409	
Depreciation on real estate assets related to noncontrolling interests	(2,496)	(3,682)	(9,762)	(3,843)	(4,068)	(4,475)	(12,386)	
Depreciation on real estate assets related to unconsolidated entities	(456)	311	187	561	1,307	1,360	3,228	
Gain on real estate dispositions	(36)	(1,389)	(26,022)	(226,225)	(1,254)	(12,622)	(240,101)	
(Loss) gain on real estate dispositions related to noncontrolling interests	—	(11)	343	(6)	(3)	—	(9)	
Gain on real estate dispositions related to unconsolidated entities	(67)	(395)	(1,263)	—	—	—	—	
Subtotal: FFO add-backs	230,023	342,205	1,003,033	17,817	344,092	232,232	594,141	
<i>Subtotal: FFO add-backs per share</i>	\$ 0.61	\$ 0.91	\$ 2.71	\$ 0.05	\$ 0.92	\$ 0.62	\$ 1.58	
FFO (Nareit) attributable to common stockholders	\$ 315,282	\$ 353,648	\$ 1,436,049	\$ 490,934	\$ 186,922	\$ 244,983	\$ 922,839	(22%)
<i>FFO (Nareit) attributable to common stockholders per share</i>	\$ 0.84	\$ 0.94	\$ 3.88	\$ 1.31	\$ 0.50	\$ 0.65	\$ 2.45	(23%)
Adjustments:								
Change in fair value of financial instruments	(7)	(22)	(78)	(10)	(13)	1,157	1,134	
Non-cash income tax expense (benefit)	946	1,330	(58,918)	(140,895)	55,505	(4,763)	(90,153)	
Loss on extinguishment of debt, net	37,434	39	41,900	—	—	7,386	7,386	
(Gain) loss on non-real estate dispositions related to unconsolidated entities	(34)	19	(18)	239	—	(244)	(5)	
Merger-related expenses, deal costs and re-audit costs	4,726	5,089	18,208	8,773	6,605	12,793	28,171	
Amortization of other intangibles	121	121	484	118	118	118	354	
Other items related to unconsolidated entities	502	374	3,291	(875)	(263)	290	(848)	
Non-cash impact of changes to equity plan	1,729	1,165	7,812	6,895	(3,337)	(1,923)	1,635	
Natural disaster (recoveries) expenses, net	(101)	(10,704)	(25,683)	941	252	125	1,318	
Impact of Holiday lease termination	—	—	—	—	(50,184)	—	(50,184)	
Write-off of straightline rental income, net of noncontrolling interests	—	—	—	—	52,368	18,408	70,776	
Allowance on loan investments and impairment of unconsolidated entities, net of noncontrolling interests	—	—	—	—	40,320	4,635	44,955	
Subtotal: normalized FFO add-backs	45,316	(2,589)	(13,002)	(124,814)	101,371	37,982	14,539	
<i>Subtotal: normalized FFO add-backs per share</i>	\$ 0.12	\$ (0.01)	\$ (0.04)	\$ (0.33)	\$ 0.27	\$ 0.10	\$ 0.04	
Normalized FFO attributable to common stockholders	\$ 360,598	\$ 351,059	\$ 1,423,047	\$ 366,120	\$ 288,293	\$ 282,965	\$ 937,378	(22%)
<i>Normalized FFO attributable to common stockholders per share</i>	\$ 0.96	\$ 0.93	\$ 3.85	\$ 0.97	\$ 0.77	\$ 0.75	\$ 2.49	(22%)
Non-cash items included in normalized FFO:								
Amortization of deferred revenue and lease intangibles, net	(339)	(1,483)	(7,967)	(2,973)	(3,362)	(19,009)	(25,344)	
Other non-cash amortization, including fair market value of debt	5,444	6,075	22,985	3,851	5,803	5,558	15,212	
Stock-based compensation	6,466	6,088	26,111	3,619	4,380	7,688	15,687	
Straight-lining of rental income	(8,680)	(4,393)	(30,073)	(6,788)	(5,526)	(4,648)	(16,962)	
Subtotal: non-cash items included in normalized FFO	2,891	6,287	11,056	(2,291)	1,295	(10,411)	(11,407)	
Cash impact of Brookdale lease modification	—	—	—	—	—	161,533	161,533	
Cash impact of Holiday lease termination	—	—	—	—	33,795	—	33,795	
FAD Capital Expenditures ³	(39,695)	(55,400)	(152,582)	(24,972)	(26,102)	(39,955)	(91,029)	
Normalized FAD attributable to common stockholders	\$ 323,794	\$ 301,946	\$ 1,281,521	\$ 338,857	\$ 297,281	\$ 394,132	\$ 1,030,270	22%
Merger-related expenses, deal costs and re-audit costs	(4,726)	(5,089)	(18,208)	(8,773)	(6,605)	(12,793)	(28,171)	
Other items related to unconsolidated entities	(502)	(374)	(3,291)	875	263	(290)	848	
FAD attributable to common stockholders	\$ 318,566	\$ 296,483	\$ 1,260,022	\$ 330,959	\$ 290,939	\$ 381,049	\$ 1,002,947	20%
Weighted average diluted shares	376,625	376,453	369,886	375,997	376,024	376,295	376,112	

¹ 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. Per share amounts may not add to total per share amounts due to rounding.

² Potential common shares are not included in the computation of diluted earnings per share when a loss from continuing operations exists as the effect would be an antidilutive per share amount.

³ 2019 FAD Capital Expenditures have been updated to exclude the impact of Initial Capital Expenditures. Impact on quarterly reported values are as follows: Q3 2019 (\$1.7M), Q4 2019 (\$1.5M) and FY 2019 (\$4.1M).

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. However, since real estate values historically have risen or fallen with market conditions, many industry investors deem presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For that reason, the Ventas, Inc. (“Ventas” or the “Company”) considers FFO, normalized FFO, FAD and normalized FAD to be appropriate supplemental measures of operating performance of an equity REIT. In particular, the Company believes that normalized FFO is useful because it allows investors, analysts and Company management to compare the Company’s operating performance to the operating performance of other real estate companies and between periods on a consistent basis without having to account for differences caused by non-recurring items and other non-operational events such as transactions and litigation. In some cases, the Company provides information about identified non-cash components of FFO and normalized FFO because it allows investors, analysts and Company management to assess the impact of those items on the Company’s financial results.

The Company uses the National Association of Real Estate Investment Trusts (“Nareit”) definition of FFO. Nareit defines FFO as net income attributable to common stockholders (computed in accordance with GAAP), excluding gains or losses from sales of real estate property, including gains or losses on re-measurement of equity method investments, and impairment write-downs of depreciable real estate, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect FFO on the same basis. The Company defines normalized FFO as FFO excluding the following income and expense items (which may be recurring in nature): (a) merger-related costs and expenses, including amortization of intangibles, transition and integration expenses, and deal costs and expenses, including expenses and recoveries relating to acquisition lawsuits; (b) the impact of any expenses related to asset impairment and valuation allowances, the write-off of unamortized deferred financing fees, or additional costs, expenses, discounts, make-whole payments, penalties or premiums incurred as a result of early retirement or payment of the Company’s debt; (c) the non-cash effect of income tax benefits or expenses, the non-cash impact of changes to the Company’s executive equity compensation plan, derivative transactions that have non-cash mark-to-market impacts on the Company’s income statement and non-cash charges related to leases; (d) the financial impact of contingent consideration, severance-related costs and charitable donations made to the Ventas Charitable Foundation; (e) gains and losses for non-operational foreign currency hedge agreements and changes in the fair value of financial instruments; (f) gains and losses on non-real estate dispositions and other unusual items related to unconsolidated entities; (g) expenses related to the re-audit and re-review in 2014 of the Company’s historical financial statements and related matters; (h) net expenses or recoveries related to natural disasters and (i) any other incremental items set forth in the normalized FFO reconciliation included herein.

Normalized FAD represents normalized FFO excluding non-cash components and straight-line rent adjustments, deducting FAD Capital Expenditures plus cash received related to lease terminations and modifications. FAD Capital Expenditures are (i) Ventas-invested capital expenditures, whether routine or non-routine, that extend the useful life of a property but are not expected to generate incremental income for the Company (ii) Office Building and Triple-Net leasing commissions paid to third-party agents and (iii) capital expenditures for second-generation tenant improvements. It excludes (i) costs for a first generation lease (e.g., a development project) or related to properties that have undergone redevelopment and (ii) Initial Capital Expenditures, which are defined as capital expenditures required to bring a newly acquired or newly transitioned property up to standard. Initial Capital Expenditures are typically incurred within the first 12 months after acquisition or transition, respectively.

FAD represents normalized FAD after subtracting merger-related expenses, deal costs and re-audit costs and other unusual items related to unconsolidated entities.

FFO, normalized FFO, FAD and normalized FAD presented herein may not be comparable to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. FFO, normalized FFO, FAD and normalized FAD should not be considered as alternatives to net income attributable to common stockholders (determined in accordance with GAAP) as indicators of the Company’s financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of the Company’s liquidity, nor are they necessarily indicative of sufficient cash flow to fund all of the Company’s needs. The Company believes that in order to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO, normalized FFO, FAD and normalized FAD should be examined in conjunction with net income attributable to common stockholders as presented elsewhere herein.

Normalized FFO¹

(in thousands, except per share amounts)

Excellence.
Sustained.®

	For the Nine Months Ended September 30,	
	2020	2019
Net income attributable to common stockholders	\$ 328,698	\$ 421,573
Adjustments:		
Real estate depreciation and amortization	843,409	692,179
Real estate depreciation related to noncontrolling interests	(12,386)	(6,080)
Real estate depreciation related to unconsolidated entities	3,228	(124)
Gain on real estate dispositions	(240,101)	(24,633)
(Loss) gain on real estate dispositions related to noncontrolling interests	(9)	354
Gain on real estate dispositions related to unconsolidated entities	—	(868)
FFO (Nareit) attributable to common stockholders	922,839	1,082,401
Change in fair value of financial instruments	1,134	(56)
Non-cash income tax benefit	(90,153)	(60,248)
Loss on extinguishment of debt, net	7,386	41,861
Gain on non-real estate dispositions related to unconsolidated entities	(5)	(37)
Merger-related expenses, deal costs and re-audit costs	28,171	13,119
Amortization of other intangibles	354	363
Other items related to unconsolidated entities	(848)	2,917
Non-cash impact of changes to equity plan	1,635	6,647
Natural disaster expenses (recoveries), net	1,318	(14,979)
Impact of Holiday lease termination	(50,184)	—
Write-off of straightline rental income, net of noncontrolling interests	70,776	—
Allowance on loan investments and impairment of unconsolidated entities, net of noncontrolling interests	44,955	—
Normalized FFO attributable to common stockholders	\$ 937,378	\$ 1,071,988
Per diluted share :		
Net income attributable to common stockholders	\$ 0.87	\$ 1.15
Adjustments:		
Real estate depreciation and amortization	2.24	1.88
Real estate depreciation related to noncontrolling interests	(0.03)	(0.02)
Real estate depreciation related to unconsolidated entities	0.01	(0.00)
Gain on real estate dispositions	(0.64)	(0.07)
(Loss) gain on real estate dispositions related to noncontrolling interests	(0.00)	0.00
Gain on real estate dispositions related to unconsolidated entities	—	(0.00)
FFO (Nareit) attributable to common stockholders	2.45	2.94
Change in fair value of financial instruments	0.00	(0.00)
Non-cash income tax benefit	(0.24)	(0.16)
Loss on extinguishment of debt, net	0.02	0.11
Gain on non-real estate dispositions related to unconsolidated entities	(0.00)	(0.00)
Merger-related expenses, deal costs and re-audit costs	0.07	0.04
Amortization of other intangibles	0.00	0.00
Other items related to unconsolidated entities	(0.00)	0.01
Non-cash impact of changes to equity plan	0.00	0.02
Natural disaster expenses (recoveries), net	0.00	(0.04)
Impact of Holiday lease termination	(0.13)	—
Write-off of straightline rental income, net of noncontrolling interests	0.19	—
Allowance on loan investments and impairment of unconsolidated entities, net of noncontrolling interests	0.12	—
Normalized FFO attributable to common stockholders	\$ 2.49	\$ 2.92

¹ Per share amounts may not add due to rounding.

Adjusted Pro Forma EBITDA and Net Debt to Adjusted Pro Forma EBITDA¹

(dollars in thousands)

Excellence.
Sustained.®

	For the Three Months Ended	
	September 30, 2020	June 30, 2020
Net income attributable to common stockholders	\$ 12,751	\$ (157,170)
Adjustments:		
Interest	115,505	123,132
Loss on extinguishment of debt, net	7,386	—
Taxes (including tax amounts in general, administrative and professional fees)	(1,849)	57,500
Depreciation and amortization	249,366	349,594
Non-cash stock-based compensation expense	5,765	1,043
Merger-related expenses, deal costs and re-audit costs	11,325	6,586
Net income attributable to noncontrolling interests, adjusted for consolidated joint venture partners' share of EBITDA	(6,359)	(5,639)
Loss from unconsolidated entities, adjusted for Ventas share of EBITDA from unconsolidated entities	11,811	10,439
Gain on real estate dispositions	(12,622)	(1,254)
Unrealized foreign currency gains	(146)	(37)
Change in fair value of financial instruments	1,155	(13)
Natural disaster expenses (recoveries), net	181	198
Impact of Holiday lease termination	—	(50,184)
Write-off of straightline rental income, net of noncontrolling interests	18,408	52,368
Allowance on loan investments and impairment of unconsolidated entities, net of noncontrolling interests	4,635	40,320
Adjusted EBITDA	417,312	426,883
Adjustments for current period activity	(1,385)	24,210
Adjusted Pro Forma EBITDA	\$ 415,927	\$ 451,093
Adjusted Pro Forma EBITDA annualized	\$ 1,663,708	\$ 1,804,372
	As of	As of
	September 30, 2020	June 30, 2020
Total debt	\$ 12,047,919	\$ 12,530,036
Cash	(588,343)	(992,824)
Restricted cash pertaining to debt	(21,021)	(19,239)
Consolidated joint venture partners' share of debt	(259,994)	(257,004)
Ventas share of debt from unconsolidated entities	120,807	116,688
Net debt	\$ 11,299,368	\$ 11,377,657
Net debt to Adjusted Pro Forma EBITDA	6.8 x	6.3 x

¹ Totals may not add due to rounding.

The table illustrates net debt to pro forma earnings before interest, taxes, depreciation and amortization (including non-cash stock-based compensation expense, asset impairment and valuation allowances), excluding gains or losses on extinguishment of debt, consolidated joint venture partners' share of EBITDA, merger-related expenses and deal costs, expenses related to the re-audit and re-review in 2014 of the Company's historical financial statements, net gains or losses on real estate activity, gains or losses on re-measurement of equity interest upon acquisition, changes in the fair value of financial instruments, unrealized foreign currency gains or losses, net expenses or recoveries related to natural disasters and non-cash charges related to leases, and including (a) the Company's share of EBITDA from unconsolidated entities and (b) other immaterial or identified items ("Adjusted EBITDA").

The information above considers the pro forma effect on Adjusted EBITDA of the Company's activity during the three months ended September 30, 2020 and June 30, 2020, as if the transactions had been consummated as of the beginning of the relevant period ("Adjusted Pro Forma EBITDA") and considers any other incremental items set forth in the Adjusted Pro Forma EBITDA reconciliation included herein.

The Company believes that net debt, Adjusted Pro Forma EBITDA and net debt to Adjusted Pro Forma EBITDA are useful to investors, analysts and Company management because they allow the comparison of the Company's credit strength between periods and to other real estate companies without the effect of items that by their nature are not comparable from period to period.

Net Operating Income (NOI) and Same-Store Cash NOI by Segment (Constant Currency) (dollars in thousands)

Excellence.
Sustained.®

For the Three Months Ended September 30, 2020 and 2019

	Triple-Net		Senior Housing Operating		Office	Non-Segment	Total
	For the Three Months Ended September 30, 2020						
Net income attributable to common stockholders							\$ 12,751
Adjustments:							
Interest and other income							(572)
Interest							115,505
Depreciation and amortization							249,366
General, administrative and professional fees							34,228
Loss on extinguishment of debt, net							7,386
Merger-related expenses and deal costs							11,325
Allowance on loans receivable and investments							4,999
Other							3,534
Income from unconsolidated entities							(865)
Gain on real estate dispositions							(12,622)
Income tax benefit							(3,195)
Net income attributable to noncontrolling interests							986
Reported segment NOI	\$ 150,738	\$ 118,669	\$ 133,325	\$ 20,094	\$ 422,826		
Adjustments to Cash NOI:							
Straight-lining of rental income	(2,072)	—	(2,576)	—	(4,648)		
Non-cash rental income	(12,687)	—	(5,936)	—	(18,623)		
Cash impact of Brookdale lease modification	161,533	—	—	—	161,533		
Write-off of straightline rental income	14,312	—	5,970	—	20,282		
NOI not included in cash NOI ¹	(642)	553	(1,749)	—	(1,838)		
Non-segment NOI	—	—	—	(20,094)	(20,094)		
Cash NOI	311,182	119,222	129,034	—	559,438		
Adjustments to Same-store NOI:							
Cash NOI not included in same-store	(689)	(35,420)	(4,274)	—	(40,383)		
Same-store cash NOI (constant currency)	\$ 310,493	\$ 83,802	\$ 124,760	\$ —	\$ 519,055		
Percentage increase (decrease)	90.2%	(42.2%)	(2.2%)		19.1%		
Adjusted Same-store cash NOI:							
Less cash impact of Brookdale lease modification	(161,533)	—	—	—	(161,533)		
Adjusted Same-store cash NOI - constant currency	\$ 148,960	\$ 83,802	\$ 124,760	\$ —	\$ 357,522		
Adjusted percentage decrease - constant currency	(8.7%)	(42.2%)	(2.2%)		(17.9%)		
For the Three Months Ended September 30, 2019							
Net income attributable to common stockholders							\$ 85,259
Adjustments:							
Interest and other income							(620)
Interest							113,967
Depreciation and amortization							234,603
General, administrative and professional fees							40,530
Loss on extinguishment of debt, net							37,434
Merger-related expenses and deal costs							4,304
Other							2,164
Income from unconsolidated entities							(854)
Gain on real estate dispositions							(36)
Income tax expense							2,005
Net income attributable to noncontrolling interests							1,659
Reported segment NOI	\$ 187,045	\$ 153,079	\$ 149,227	\$ 31,064	\$ 520,415		
Adjustments to Cash NOI:							
Straight-lining of rental income	(3,871)	—	(4,809)	—	(8,680)		
Non-cash rental income	(906)	—	928	—	22		
NOI not included in cash NOI ¹	(18,939)	540	(13,565)	—	(31,964)		
Non-segment NOI	—	—	—	(31,064)	(31,064)		
NOI impact from change in FX	278	(171)	—	—	107		
Cash NOI	\$ 163,607	\$ 153,448	\$ 131,781	\$ —	\$ 448,836		
Adjustments to Same-store NOI:							
Cash NOI not included in same-store	(382)	(8,596)	(4,201)	—	(13,179)		
NOI impact from change in FX	—	15	—	—	15		
Same-store cash NOI (constant currency)	\$ 163,225	\$ 144,867	\$ 127,580	\$ —	\$ 435,672		

¹ Excludes sold assets, Assets Held for Sale, development properties not yet operational and land parcels.

Net Operating Income (NOI) and Same-Store Cash NOI by Segment (Constant Currency) (dollars in thousands)

Excellence.
Sustained.®

For the Three Months Ended September 30, 2020 and June 30, 2020

	Triple-Net	Senior Housing Operating	Office	Non-Segment	Total
For the Three Months Ended September 30, 2020					
Net income attributable to common stockholders					\$ 12,751
Adjustments:					
Interest and other income					(572)
Interest					115,505
Depreciation and amortization					249,366
General, administrative and professional fees					34,228
Loss on extinguishment of debt, net					7,386
Merger-related expenses and deal costs					11,325
Allowance on loans receivable and investments					4,999
Other					3,534
Income from unconsolidated entities					(865)
Gain on real estate dispositions					(12,622)
Income tax benefit					(3,195)
Net income attributable to noncontrolling interests					986
Reported segment NOI	\$ 150,738	\$ 118,669	\$ 133,325	\$ 20,094	\$ 422,826
Adjustments to Cash NOI:					
Straight-lining of rental income	(2,072)	—	(2,576)	—	(4,648)
Non-cash rental income	(12,687)	—	(5,936)	—	(18,623)
Cash impact of Brookdale lease modification	161,533	—	—	—	161,533
Write-off of straightline rental income	14,312	—	5,970	—	20,282
NOI not included in cash NOI ¹	(642)	553	(1,749)	—	(1,838)
Non-segment NOI	—	—	—	(20,094)	(20,094)
Cash NOI	311,182	119,222	129,034	—	559,438
Adjustments to Same-store NOI:					
Cash NOI not included in same-store	(689)	(10,578)	(2,969)	—	(14,236)
Same-store cash NOI (constant currency)	\$ 310,493	\$ 108,644	\$ 126,065	\$ —	\$ 545,202
Percentage increase (decrease)	86.8%	(0.6%)	0.4%		36.0%
Adjusted Same-store cash NOI:					
Less cash impact of Brookdale lease modification	(161,533)	—	—	—	(161,533)
Adjusted Same-store cash NOI - constant currency	\$ 148,960	\$ 108,644	\$ 126,065	\$ —	\$ 383,669
Adjusted percentage (decrease) increase - constant currency	(10.4%)	(0.6%)	0.4%		(4.3%)
For the Three Months Ended June 30, 2020					
Net loss attributable to common stockholders					\$ (157,170)
Adjustments:					
Interest and other income					(1,540)
Interest					123,132
Depreciation and amortization					349,594
General, administrative and professional fees					29,984
Merger-related expenses and deal costs					6,586
Allowance on loans receivable and investments					29,655
Other					3,382
Loss from unconsolidated entities					5,850
Gain on real estate dispositions					(1,254)
Income tax expense					56,356
Net loss attributable to noncontrolling interests					(2,065)
Reported segment NOI	\$ 170,965	\$ 116,751	\$ 133,887	\$ 20,907	\$ 442,510
Adjustments to Cash NOI:					
Straight-lining of rental income	(2,183)	—	(3,343)	—	(5,526)
Non-cash rental income	(1,803)	—	(1,238)	—	(3,041)
Impact of Holiday lease termination	(50,184)	—	—	—	(50,184)
Write-off of straightline rental income	53,304	—	898	—	54,202
NOI not included in cash NOI ¹	(3,754)	(1,917)	(1,750)	—	(7,421)
Non-segment NOI	—	—	—	(20,907)	(20,907)
NOI impact from change in FX	245	1,378	—	—	1,623
Cash NOI	\$ 166,590	\$ 116,212	\$ 128,454	\$ —	\$ 411,256
Adjustments to Same-store NOI:					
Cash NOI not included in same-store	(389)	(6,905)	(2,953)	—	(10,247)
NOI impact from change in FX not in same-store	—	1	—	—	1
Same-store cash NOI (constant currency)	\$ 166,201	\$ 109,308	\$ 125,501	\$ —	\$ 401,010

¹ Excludes sold assets, Assets Held for Sale, development properties not yet operational and land parcels.

NOI and Same-Store Cash NOI by Segment (Constant Currency) (continued) (dollars in thousands)

Excellence.
Sustained.®

For the Nine Months Ended September 30, 2020 and 2019

	Triple-Net		Senior Housing Operating	Office	Non-Segment	Total
	For the Nine Months Ended September 30, 2020					
Net income attributable to common stockholders						\$ 328,698
Adjustments:						
Interest and other income						(6,965)
Interest						355,333
Depreciation and amortization						847,797
General, administrative and professional fees						106,747
Loss on extinguishment of debt, net						7,386
Merger-related expenses and deal costs						26,129
Allowance on loans receivable and investments						34,654
Other						10,624
Loss from unconsolidated entities						15,861
Gain on real estate dispositions						(240,101)
Income tax benefit						(95,855)
Net income attributable to noncontrolling interests						534
Reported segment NOI	\$ 510,234	\$ 402,059	\$ 412,548	\$ 66,001	\$ 1,390,842	
Adjustments to Cash NOI:						
Straight-lining of rental income	(6,948)	—	(10,014)	—	(16,962)	
Non-cash rental income	(16,019)	—	(8,278)	—	(24,297)	
Cash modification fees	3,029	—	(1,000)	—	2,029	
Cash impact of Brookdale lease modification	161,533	—	—	—	161,533	
Impact of Holiday lease termination	(50,184)	—	—	—	(50,184)	
Write-off of straightline rental income	67,616	—	6,868	—	74,484	
NOI not included in cash NOI ¹	(20,569)	(1,184)	(10,957)	—	(32,710)	
Non-segment NOI	—	—	—	(66,001)	(66,001)	
Cash NOI	648,692	400,875	389,167	—	1,438,734	
Adjustments to Same-store NOI:						
Cash modification fees not in same-store	—	—	1,000	—	1,000	
Cash NOI not included in same-store	(4,593)	(89,768)	(16,995)	—	(111,356)	
Same-store cash NOI (constant currency)	\$ 644,099	\$ 311,107	\$ 373,172	\$ —	\$ 1,328,378	
<i>Percentage increase (decrease)</i>	<i>32.0%</i>	<i>(31.3%)</i>	<i>3.3%</i>		<i>2.0%</i>	
Adjusted Same-store cash NOI:						
Less cash impact of Brookdale lease modification	(161,533)	—	—	—	(161,533)	
Adjusted Same-store cash NOI - constant currency	\$ 482,566	\$ 311,107	\$ 373,172	\$ —	\$ 1,166,845	
Adjusted percentage (decrease) increase - constant currency	(1.1%)	(31.3%)	3.3%		(10.4%)	

For the Nine Months Ended September 30, 2019

Net income attributable to common stockholders						\$ 421,573
Adjustments:						
Interest and other income						(10,109)
Interest						334,955
Depreciation and amortization						696,710
General, administrative and professional fees						124,369
Loss on extinguishment of debt, net						41,861
Merger-related expenses and deal costs						11,084
Other						(9,294)
Loss from unconsolidated entities						2,621
Gain on real estate dispositions						(24,633)
Income tax benefit						(57,004)
Net income attributable to noncontrolling interests						4,831
Reported segment NOI	\$ 569,741	\$ 467,428	\$ 430,493	\$ 69,302	\$ 1,536,964	
Adjustments to Cash NOI:						
Straight-lining of rental income	(11,444)	—	(14,235)	—	(25,679)	
Non-cash rental income	(2,885)	—	(3,068)	—	(5,953)	
Cash modification fees	100	—	—	—	100	
NOI not included in cash NOI ¹	(63,134)	(558)	(33,731)	—	(97,423)	
Non-segment NOI	—	—	—	(69,302)	(69,302)	
NOI impact from change in FX	(32)	(1,198)	—	—	(1,230)	
Cash NOI	492,346	465,672	379,459	—	1,337,477	
Adjustments to Same-store NOI:						
Cash NOI not included in same-store	(4,298)	(12,848)	(18,175)	—	(35,321)	
NOI impact from change in FX not in same-store	—	163	—	—	163	
Same-store cash NOI (constant currency)	\$ 488,048	\$ 452,987	\$ 361,284	\$ —	\$ 1,302,319	

¹ Excludes sold assets, Assets Held for Sale, development properties not yet operational and land parcels.

The Company considers NOI and same-store cash NOI as important supplemental measures because they allow investors, analysts and the Company's management to assess its unlevered property-level operating results and to compare its operating results with those of other real estate companies and between periods on a consistent basis. The Company defines NOI as total revenues, less interest and other income, property-level operating expenses and office building services costs. In the case of NOI, cash receipts may differ due to straight-line recognition of certain rental income and the application of other GAAP policies. The Company defines same-store as properties owned, consolidated and operational for the full period in both comparison periods and are not otherwise excluded; provided, however, that the Company may include selected properties that otherwise meet the same-store criteria if they are included in substantially all of, but not a full, period for one or both of the comparison periods, and in the Company's judgment such inclusion provides a more meaningful presentation of its portfolio performance. Newly acquired or recently developed or redeveloped properties in the Company's Seniors Housing Operating Portfolio ("SHOP") will be included in same-store once they are stabilized for the full period in both periods presented. These properties are considered stabilized upon the earlier of (a) the achievement of 80% sustained occupancy or (b) 24 months from the date of acquisition or substantial completion of work. Recently developed or redeveloped properties in the Office and Triple-Net Leased Portfolios will be included in same-store once substantial completion of work has occurred for the full period in both periods presented. SHOP and Triple-Net Leased properties that have undergone operator or business model transitions will be included in same-store once operating under consistent operating structures for the full period in both periods presented.

Properties are excluded from same-store if they are: (i) sold, classified as held for sale or properties whose operations were classified as discontinued operations in accordance with GAAP; (ii) impacted by materially disruptive events such as flood or fire; (iii) those properties that are currently undergoing a materially disruptive redevelopment; (iv) for the Office Portfolio, those properties for which management has an intention to institute a redevelopment plan because the properties may require major property-level expenditures to maximize value, increase net operating income, or maintain a market-competitive position and/or achieve property stabilization; or (v) for the SHOP and Triple-Net Leased Portfolios, those properties that are scheduled to undergo operator or business model transitions, or have transitioned operators or business models after the start of the prior comparison period.

To eliminate the impact of exchange rate movements, all same-store NOI measures assume constant exchange rates across comparable periods, using the following methodology: the current period's results are shown in actual reported USD, while prior comparison period's results are adjusted and converted to USD based on the average exchange rate for the current period.