Fixed Income Update

1Q18

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.

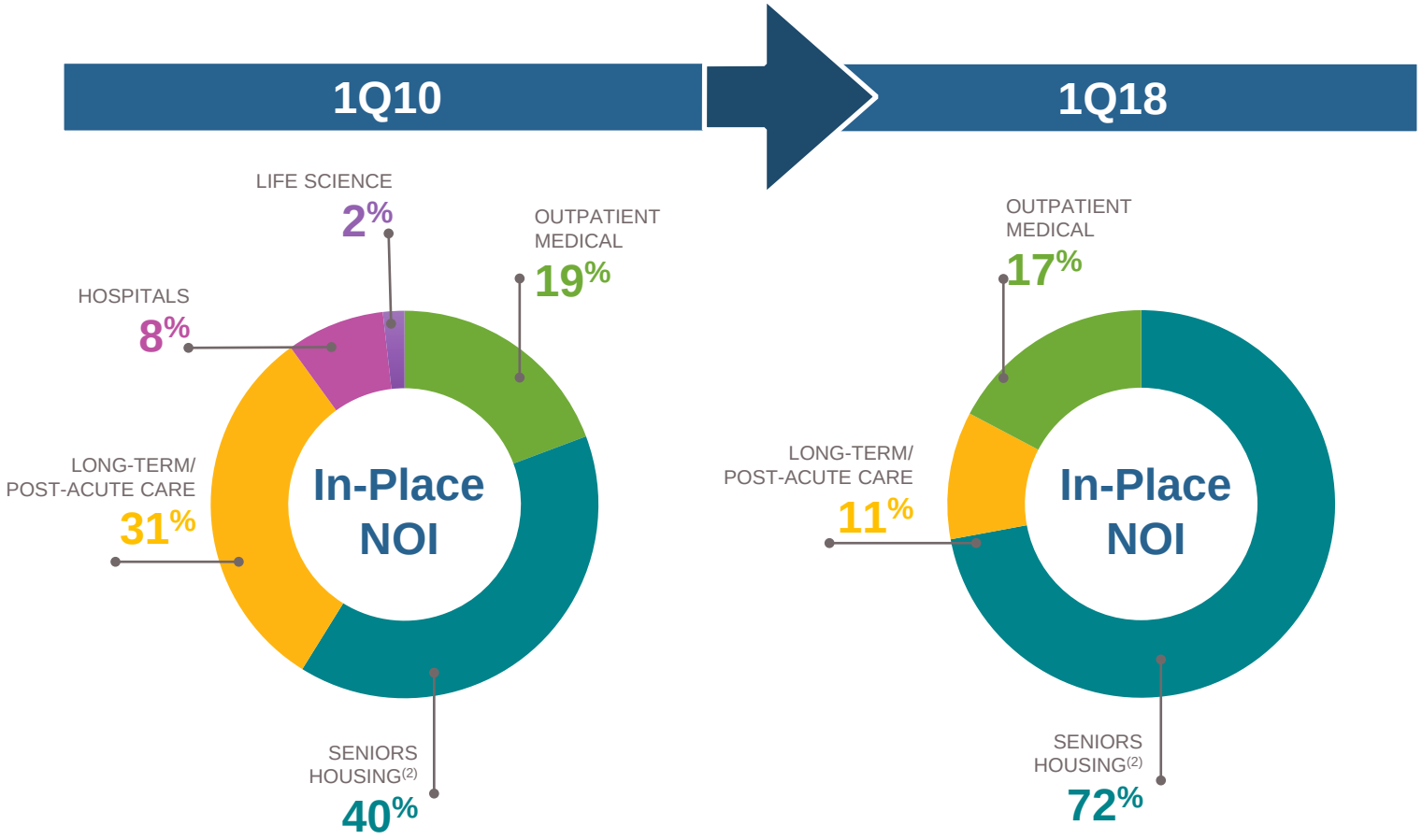
2018 First Quarter Highlights

Portfolio and Balance Sheet Improvements:

- Grew total portfolio average SSNOI by 1.8%, driven by 3.0% growth in the Seniors Housing Triple Net segment and 2.9% growth in the Outpatient Medical segment.
- Completed $987 million of property sales and loan payoffs at a blended 6.7% yield on sale.
- Extinguished $183 million of secured debt and repaid our 2.25% $450 million senior unsecured notes with a new senior unsecured issuance of $550 million maturing in April 2028. The new issuance occurred after quarter end.
- Net debt to undepreciated book capitalization declined to 35.3% from 35.8% in 1Q17.

Note: Please see non-GAAP financial measures and reconciliations at the end of this presentation.

Portfolio Transformation[1]



Private Pay: 69%[3]

Private Pay: 95%[3]

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.

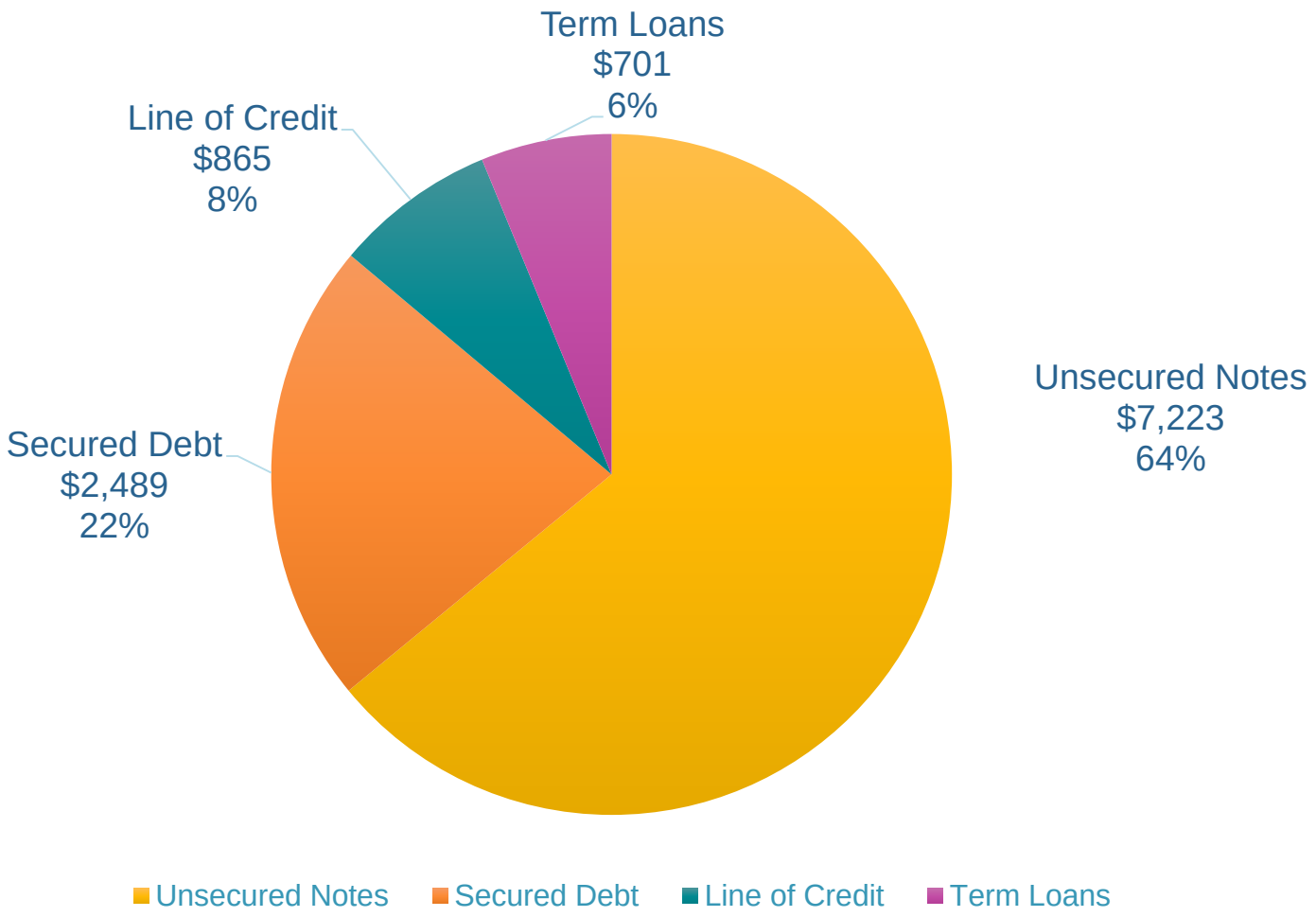
Strong Unsecured Debt Covenant Compliance

Ratio	1Q18	Unsecured Notes Covenants [1]	Compliance
Secured Indebtedness to Total Assets	9.0%	< 40.0%	✓
Total Indebtedness to Total Assets	40.9%	< 60.0%	✓
Unsecured Debt to Unencumbered Assets	33.9%	<66.7%	✓
Minimum Interest Coverage Ratio[2]	4.3x	> 1.5x	✓

1. See, for example, Supplemental Indenture No. 12 dated 3/1/2016, which was filed with the SEC as an exhibit to WELL's Form 8-K filed on 3/3/2016.
2. For the twelve months ending 3/31/2018. Please see non-GAAP financial measures and reconciliations at the end of this presentation.

Debt Structure Summary

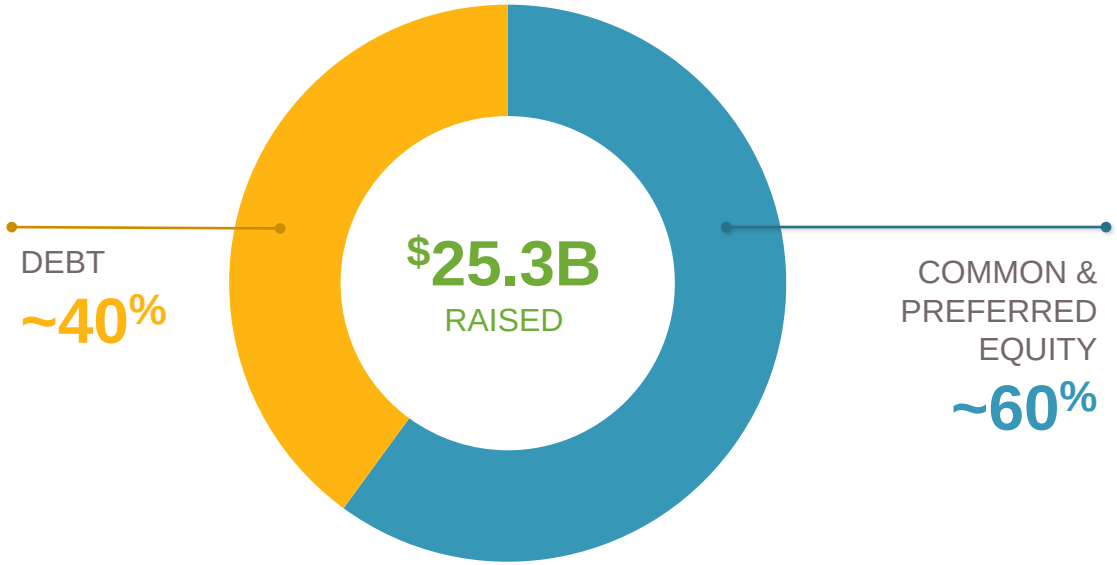
1Q18[1] ($Millions)



1. Data as of 3/31/18 and represents consolidated balance sheet data.

Prudent Capital Strategy

Capital Raised Since 2010

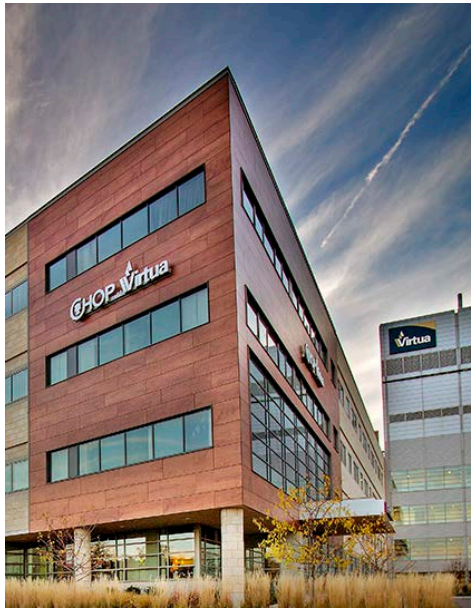


$3.0B
Unsecured Line of Credit

$2.3B[1]
Availability

1. Line balance as of 3/31/18 less cash and cash equivalents.

Diverse and unparalleled access to capital since 2010



COMMON EQUITY
11 follow-on offerings totaling **$11B** **$1.8B** in DRIP proceeds **$784M** ATM availability[1]

PREFERRED STOCK
Two issues totaling **$1B**[2]

DOMESTIC PUBLIC DEBT
13 offerings totaling **$7.4B** with average tenor of 11 years[3] *$550M issued in April 2018

INTERNATIONAL PUBLIC DEBT
2 GBP issues totaling USD **$1.7B** with average tenor of 17 years 1 CAD issuance of USD **$226M**

CREDIT FACILITY
$3.7B facility *$3.0B revolver* *$0.7B in term loans* *(US and Canada)*

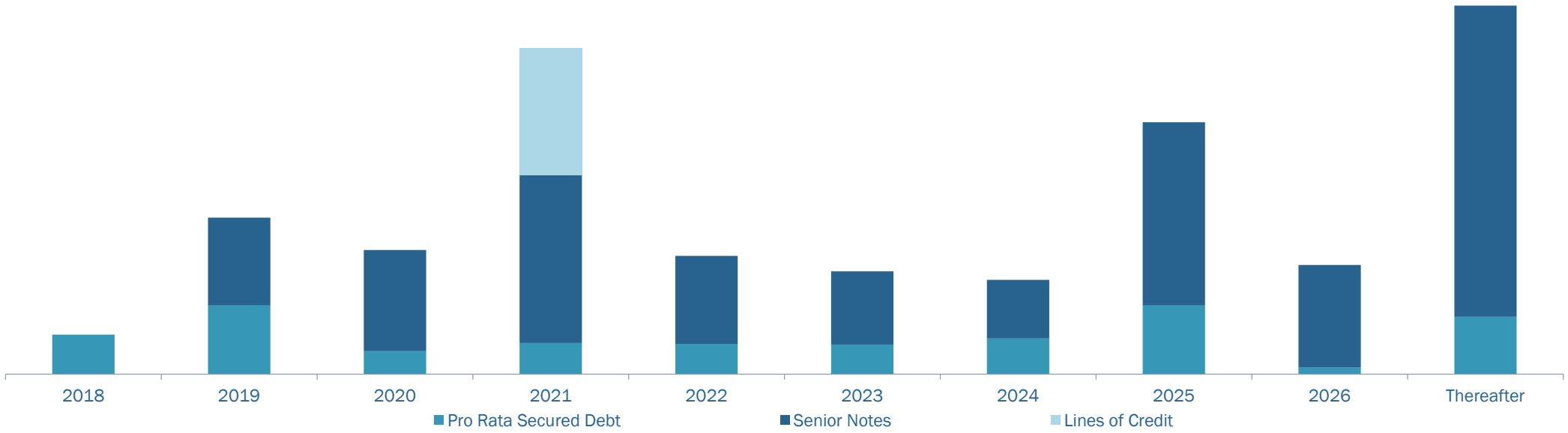
SECURED DEBT
Only **7.6%** of gross assets[4]

ASSET RECYCLING
Received **$9.4B** proceeds from strategic asset divestments since 2010 resulting in asset concentrations in high barrier gateway markets

1. ATM availability as of 3/31/18.
2. Redeemed Series J preferred stock on March 7, 2017 for $288M.
3. Excludes convertibles.
4. Gross Assets represents total assets plus depreciation as of 3/31/18.

Balanced and Manageable Debt Maturity Profile

Weighted average maturity of 7.1 years



in millions	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Thereafter
Unsecured Debt	$0	$600	$690	$2,009	$600	$500	$400	$1,250	$700	$0	$2,123
Pro Rata Secured Debt	$270	$468	$157	$213	$207	$202	$244	$468	$45	$163	$229
Total ($mm)	**$270**	**$1,068**	**$847**	**$2,222**	**$807**	**$702**	**$644**	**$1,718**	**$745**	**$163**	**$2,352**

1. Data as of 3/31/2018 in USD. Represents pro rata principal amounts due and excluding unamortized premiums/discounts or other fair value adjustments as reflected on the balance sheet.

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), 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, and SSNOI

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. 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.

SSNOI is used to evaluate the operating performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. As used herein, same store is generally defined as those revenue-generating properties in the portfolio for the relevant year-over-year reporting periods. Land parcels, loans, and sub-leases as well as any properties acquired, developed/redeveloped (including major refurbishments where 20% or more of units are simultaneously taken out of commission for 30 days or more), sold or classified as held for sale during that period are excluded from the same store amounts. Properties undergoing operator transitions and/or segment transitions (except triple-net to seniors housing operating with the same operator) are also excluded from the same store amounts. Normalizers include adjustments that in management's opinion are appropriate in considering SSNOI, a supplemental, non-GAAP performance measure. None of these adjustments, which may increase or decrease SSNOI, are reflected in the company's financial statements prepared in accordance with U.S. GAAP. Significant normalizers (defined as any that individually exceed 0.50% of SSNOI growth per property type) are separately disclosed and explained.

We believe NOI, IPNOI, and SSNOI 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 3/31/18	
Net income	$ 453,555	
Loss (gain) on real estate dispositions, net	(338,184)	
Loss (income) from unconsolidated entities	2,429	
Income tax expense (benefit)	1,588	
Other expenses	3,712	
Impairment of assets	28,185	
Loss (gain) on extinguishment of debt, net	11,707	
Loss (gain) on derivatives and financial instruments, net	(7,173)	
General and administrative expenses	33,705	
Depreciation and amortization	228,201	
Interest expense	122,775	
Consolidated net operating income	$ 540,500	
NOI attributable to unconsolidated investments	21,620	
NOI attributable to noncontrolling interests	(31,283)	
Pro rata net operating income (NOI)	$ 530,837	
Interest income	(14,647)	
Other income	(3,008)	
Held for sale & dispositions	(13,001)	
Developments & land	212	
Non IPNOI[1]	(15,229)	
Timing adjustments[2]	6,235	
In-Place NOI	$ 491,399	
Annualized In-Place NOI	$ 1,965,596	
In-Place NOI by country		
United States	$ 402,036	81.9%
United Kingdom	43,924	8.9%
Canada	45,439	9.2%
Total In-Place NOI	$ 491,399	100.0%
In-Place NOI by property type		
Long-Term/Post-Acute	$ 52,393	10.7%
Seniors Housing Triple-Net	132,077	26.9%
Outpatient Medical	84,976	17.3%
Seniors Housing Operating	221,953	45.1%
Hospital	-	0.0%
Life Science	-	0.0%
Total In-Place NOI	$ 491,399	100.0%

Notes:
(1) Primarily represents non-cash NOI
(2) 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	
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	-	
Developments & land	-	
Non IPNOI[1]	(5,346)	
Timing adjustments	-	
In-Place NOI	$ 127,480	
Annualized In-Place NOI	$ 509,920	
In-Place NOI by country		
United States	$ 127,480	100.0%
United Kingdom	-	0.0%
Canada	-	0.0%
Total In-Place NOI	$ 127,480	100.0%
In-Place 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-Place NOI	$ 127,480	100.0%

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SSNOI Reconciliations

(dollars in thousands)	Three Months Ended					
	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	Y/o/Y
Net income (loss)	$ 337,610	$ 203,441	$ 89,299	$ (89,743)	$ 453,555	
Loss (gain) on real estate dispositions, net	(244,092)	(42,155)	(1,622)	(56,381)	(338,184)	
Loss (income) from unconsolidated entities	23,106	3,978	(3,408)	59,449	2,429	
Income tax expense (benefit)	2,245	(8,448)	669	25,663	1,588	
Other expenses	11,675	6,339	99,595	60,167	3,712	
Impairment of assets	11,031	13,631	-	99,821	28,185	
Provision for loan losses	-	-	-	62,966	-	
Loss (gain) on extinguishment of debt, net	31,356	5,515	-	371	11,707	
Loss (gain) on derivatives and financial instruments, net	1,224	736	324	-	(7,173)	
General and administrative expenses	31,101	32,632	29,913	28,365	33,705	
Depreciation and amortization	228,276	224,847	230,138	238,458	228,201	
Interest expense	118,597	116,231	122,578	127,217	122,775	
Consolidated NOI from continuing operations[1]	$ 552,129	$ 556,747	$ 567,486	$ 556,353	$ 540,500	
NOI attributable to unconsolidated investments	21,279	21,873	22,431	21,539	21,620	
NOI attributable to noncontrolling interests	(27,542)	(29,359)	(30,538)	(29,760)	(31,283)	
Pro rata net operating income (NOI)	$ 545,866	$ 549,261	$ 559,379	$ 548,132	$ 530,837	
Seniors Housing Triple-net						
NOI	$ 162,273	$ 155,741	$ 157,815	$ 153,904	$ 151,305	
Non-cash NOI on same store properties	(4,117)	(3,921)	(3,326)	(3,345)	(4,650)	
NOI attributable to non-same store properties	(40,687)	(35,308)	(37,015)	(31,788)	(25,391)	
Currency and ownership adjustments [2]	(657)	666	395	325	(544)	
Other normalizing adjustments	252	252	164	-	(138)	
SSNOI	117,064	117,430	118,033	119,096	120,582	3.0%
Long-Term/Post-Acute Care						
NOI	89,316	87,925	88,494	78,353	71,811	
Non-cash NOI on same store properties	(3,532)	(2,561)	(3,701)	(1,125)	(4,684)	
NOI attributable to non-same store properties	(29,597)	(28,197)	(27,264)	(19,599)	(17,551)	
Currency and ownership adjustments [2]	96	123	4	28	19	
Normalizing adjustments for rent restructurings[3]	(8,206)	(8,527)	(8,568)	(8,546)	-	
Other normalizing adjustments[5]	340	380	382	384	-	
SSNOI	48,417	49,143	49,347	49,495	49,595	2.4%
Seniors Housing Operating						
NOI	206,296	215,402	221,490	223,233	221,522	
Non-cash NOI on same store properties	241	475	170	(389)	(699)	
NOI attributable to non-same store properties	(6,095)	(5,103)	(5,481)	(6,487)	(7,719)	
Currency and ownership adjustments [2]	4,591	5,111	1,598	976	(82)	
SH-NNN to SHO conversions[4]	7,020	6,906	5,323	-	-	
Other normalizing adjustments[5]	253	(207)	197	1,329	566	
SSNOI	212,306	222,584	223,297	218,662	213,588	0.6%
Outpatient Medical						
NOI	87,836	90,167	90,940	92,354	85,969	
Non-cash NOI on same store properties	(2,577)	(2,131)	(1,695)	(1,973)	(1,187)	
NOI attributable to non-same store properties	(7,615)	(9,472)	(10,029)	(10,279)	(4,904)	
Currency and ownership adjustments [2]	(28)	286	44	(67)	(216)	
Other normalizing adjustments[5]	(195)	(157)	(23)	(159)	(3)	
SSNOI	77,421	78,693	79,237	79,876	79,659	2.9%
Corporate & Land						
NOI	145	26	640	288	230	
NOI attributable to non-same store properties	(145)	(26)	(640)	(288)	(230)	
SSNOI	-	-	-	-	-	
Total						
NOI	$ 545,866	$ 549,261	$ 559,379	$ 548,132	$ 530,837	
Non-cash NOI on same store properties	(9,985)	(8,138)	(8,552)	(6,832)	(11,220)	
NOI attributable to non-same store properties	(84,139)	(78,106)	(80,429)	(68,441)	(55,795)	
Currency and ownership adjustments	4,002	6,186	2,041	1,262	(823)	
Normalizing adjustments, net	(536)	(1,353)	(2,525)	(6,992)	425	
SSNOI	$ 455,208	$ 467,850	$ 469,914	$ 467,129	$ 463,424	1.8%

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 1.25 and to translate UK properties at a GBP/USD rate of 1.35.
(3) Represents adjustments related to rent restructuring for one LTPAC master lease.
(4) Represents the performance of certain properties that were converted from SH-NNN to SHO with the same operator. Amounts represent unaudited operating results provided by the operator and were not a component of WELL earnings.
(5) Represents aggregate normalizing adjustments which are individually less than 0.50% of SSNOI growth per property type.

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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 financial instruments, and other expenses. 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.

A-EBITDA and Interest Coverage Ratio Reconciliation

Dollars in thousands	Twelve Months Ended March 31, 2018
Net income	$ 656,551
Interest expense	488,800
Income tax expense (benefit)	19,471
Depreciation and amortization	921,645
EBITDA	2,086,467
Loss (income) from unconsolidated entities	62,448
Stock-based compensation	25,753
Provision for loan losses	62,966
Loss (gain) on extinguishment of debt, net	17,593
Loss/impairment (gain) on sales of properties, net	(296,705)
Loss (gain) on derivatives and financial instruments	(6,113)
Other expenses & transaction costs	167,524
Adjusted EBITDA	$ 2,119,933
Interest Coverage Ratio:	
Interest expense	$ 488,800
Non-cash interest expense	(12,858)
Capitalized interest	11,696
Total interest	487,638
Adjusted EBITDA	$ 2,119,933
Interest coverage ratio	4.3x

Capitalization Ratios

Dollars in thousands	3/31/2017	3/31/2018
Net Debt to Undepreciated Book Capitalization:		
Line of credit	$ 522,000	$ 865,000
Long-term debt obligations[1]	10,932,185	10,484,840
Cash and cash equivalents[2]	(380,360)	(202,824)
Net debt	11,073,825	11,147,016
Accumulated depreciation and amortization	4,335,160	4,990,780
Total equity[3]	15,495,681	15,448,201
Undepreciated book capitalization	$ 30,904,666	$ 31,585,997
Net debt to undepreciated book capitalization ratio	35.8%	35.3%

Notes:

(1) Includes unamortized premiums/discounts and other fair value adjustments as reflected on our balance sheet.

(2) Inclusive of IRC section 1031 deposits.

(3) Includes all noncontrolling interests (redeemable and permanent).