

# First Quarter 2021 Business Update

*April 2021*

**welltower**

# Forward Looking Statements

This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When Welltower 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, Welltower is making forward-looking statements. Forward-looking statements, including statements related to Funds From Operations guidance, are not guarantees of future performance and involve risks and uncertainties that may cause Welltower’s actual results to differ materially from Welltower’s expectations discussed in the forward-looking statements. This may be a result of various factors, including, but not limited to: the successful completion of the transactions; the duration and scope of the COVID-19 pandemic; the impact of the COVID-19 pandemic on occupancy rates and on the operations of Welltower and its operators/tenants; actions governments take in response to the COVID-19 pandemic, including the introduction of public health measures and other regulations affecting Welltower’s properties and the operations of Welltower and its operators/tenants; uncertainty regarding the implementation and impact of the CARES Act and future stimulus or other COVID-19 relief legislation; the effects of health and safety measures adopted by Welltower and its operators/tenants related to the COVID-19 pandemic; increased operational costs as a result of health and safety measures related to COVID-19; the impact of the COVID-19 pandemic on the business and financial condition of operators/tenants and their ability to make payments to Welltower; disruptions to Welltower’s property acquisition and disposition activity due to economic uncertainty caused by COVID-19; general economic uncertainty in key markets as a result of the COVID-19 pandemic and a worsening of global economic conditions or low levels of economic growth; 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; Welltower’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 Welltower’s properties; Welltower’s ability to re-lease space at similar rates as vacancies occur; Welltower’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 Welltower’s properties; changes in rules or practices governing Welltower’s financial reporting; the movement of U.S. and foreign currency exchange rates; Welltower’s ability to maintain Welltower’s qualification as a REIT; key management personnel recruitment and retention; and other risks described in Welltower’s reports filed from time to time with the SEC. Finally, Welltower undertakes no obligation to update or revise publicly 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.

# Recent Developments

## Seniors Housing Operating (SHO) Portfolio Update<sup>(1)</sup>

- **SHO portfolio spot occupancy has increased in recent weeks, with an approximate gain of 60 basis points (“bps”) since a pandemic-low on March 12<sup>th</sup>**
  - **US and UK SHO portfolios reported occupancy gains of approximately 90bps and 120bps, respectively, since March 12<sup>th</sup>.** Following a nationwide rise in COVID-19 cases, occupancy in Canada has declined by approximately 50bps over the same period
  - **Month-to-date through April 23<sup>rd</sup>, occupancy continued to strengthen in the US and UK, with gains of approximately 40bps and 90bps, respectively.** Total SHO portfolio occupancy has increased approximately 20bps as COVID-driven weakness in Canada resulted in an occupancy decline in the country of approximately 20bps over the same time period
  - Many communities have returned to pre-COVID conditions in terms of lead generation and resumption of in-person tours, indoor visitation, communal dining, and social activities
- **Trailing two week resident cases have declined by 98% from mid-January through April 23, 2021; 99% of communities are currently accepting new residents**

## Investment Update

- **Year-to-date, completed \$1.3B of pro rata gross investments, exclusive of development funding, through April 27, 2021**
- During 1Q21, WELL completed \$247M of pro rata gross investments excluding development at an initial yield of 6.4%; pro rata dispositions totaled \$216M at a yield of 5.5%
- Subsequent to quarter-end, WELL completed approximately \$1.1B of pro rata gross investments at an initial yield of 8.4%
  - Senior loan advancement of £540M (\$750M) to HC-One Group completed in April 2021 as part of its recapitalization with additional £30M delayed facility available to fund capital expenditures and working capital
    - Welltower's last pound basis is approximately £40,000 per unit, representing a substantial discount to replacement cost
- **WELL's near-term capital deployment pipeline remains robust across a wide range of opportunities**

## 2Q21 Guidance

- Second quarter 2021 net income attributable to common stockholders: \$0.31 to \$0.36 per diluted share
- Second quarter 2021 normalized FFO: \$0.72 - \$0.77 per diluted share<sup>(3)</sup>. Key assumptions include:
  - Provider Relief Funds: Our second quarter guidance does not include the recognition of any Provider Relief Funds which may be received during the quarter
  - SHO Portfolio Occupancy: Midpoint of FFO guidance assumes a continuation of recent trends, resulting in an approximate increase of 130bps through the second quarter
  - Development: We expect funding approximately \$320M of development in 2021 relating to projects underway on March 31, 2021
  - Investments: Guidance includes only acquisitions closed or announced year-to-date
  - Dispositions: We expect \$681M in incremental proceeds in 2021 related to properties classified as held-for-sale as of March 31, 2021
- General and Administrative Expense: We expect G&A expense of approximately \$135M to \$140M for full year 2021

1. Occupancy metrics have been revised for all periods presented to be reported at Welltower pro rata share as opposed to 100% ownership.  
2. As of April 23, 2021, most recent update from operators  
3. See Supplemental Financial Measures at the end of this presentation for reconciliations and earnings release dated April 28, 2021 for additional information

# Welltower at a Glance

*World's Largest Health and Wellness Real Estate Platform*

**~1,300**  
Senior Living  
Communities<sup>(1)</sup>

**~22M** sq. ft.  
of Outpatient  
Facilities<sup>(1)</sup>

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM

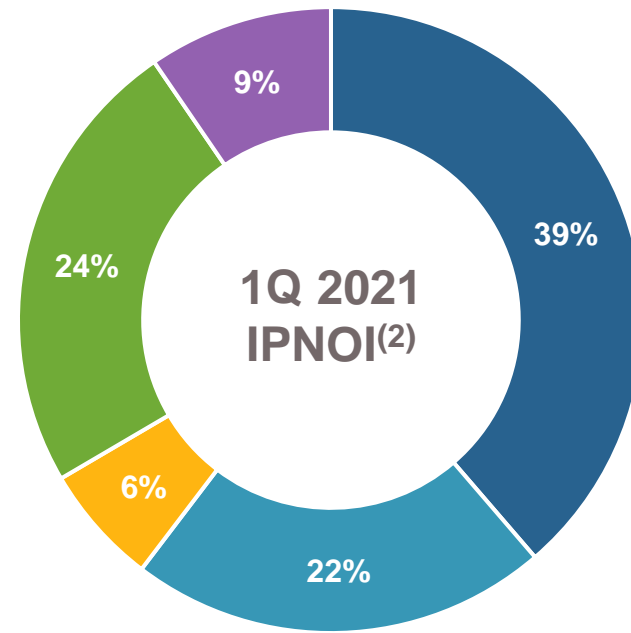
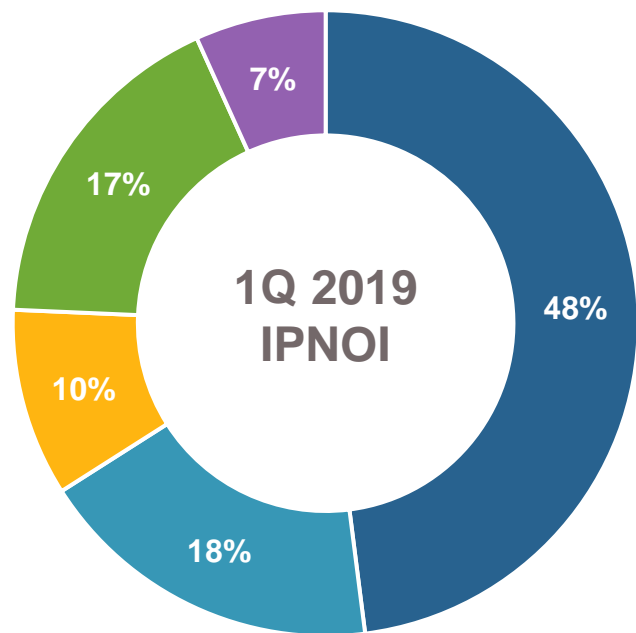


**S&P 500**

**Baa1**  
Moody's

**BBB+**  
**S&P Global**

# Portfolio Composition<sup>(1)</sup>



■ Seniors Housing Operating   ■ Seniors Housing Triple-Net   ■ Long-Term / Post-Acute Care   ■ Outpatient Medical   ■ Health System

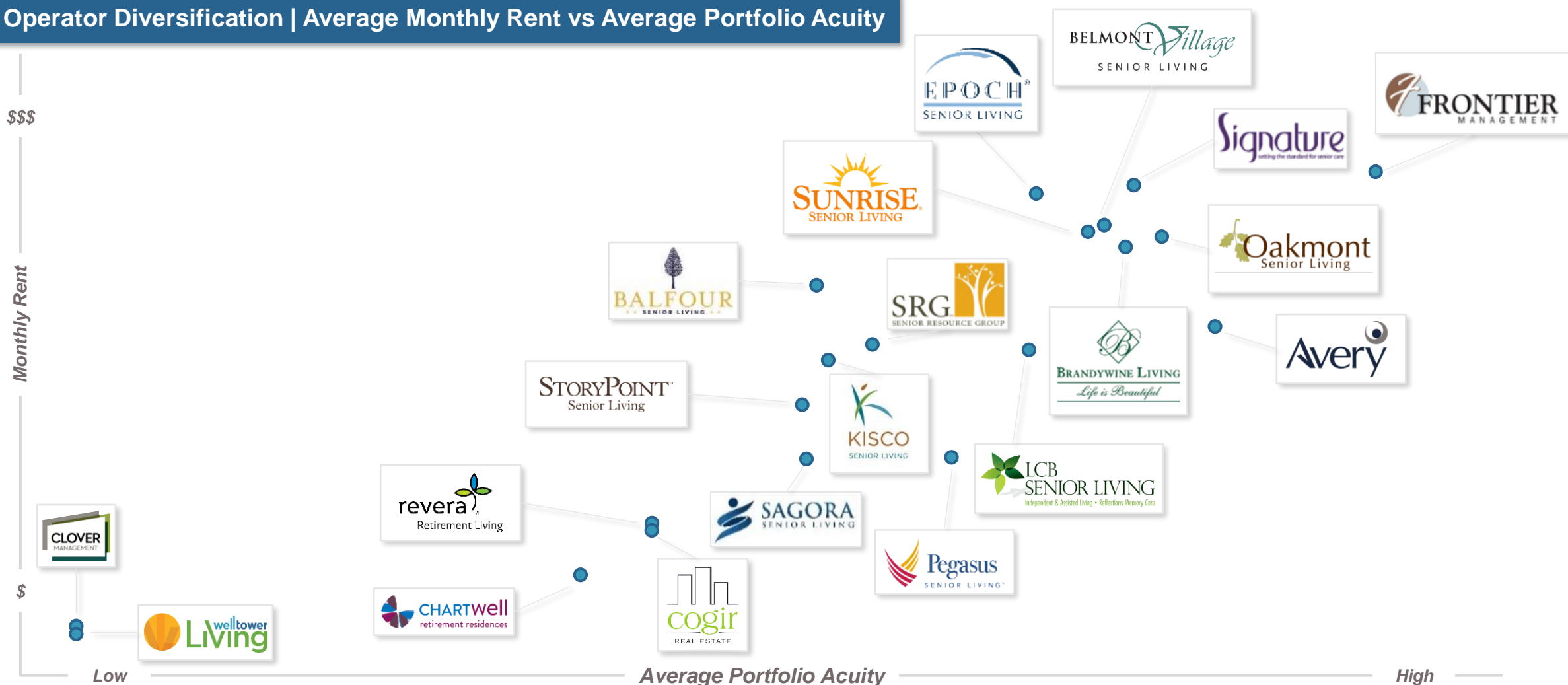
1. Based on In-Place NOI. See Supplemental Financial Measures at the end of this presentation for reconciliations  
2. 1Q2021 IPNOI is adjusted to reflect the 9 PowerBacks contributed to the ProMedica joint venture on 4/1/2021 from LT/PAC to Health System

# Seniors Housing Operating Portfolio Update

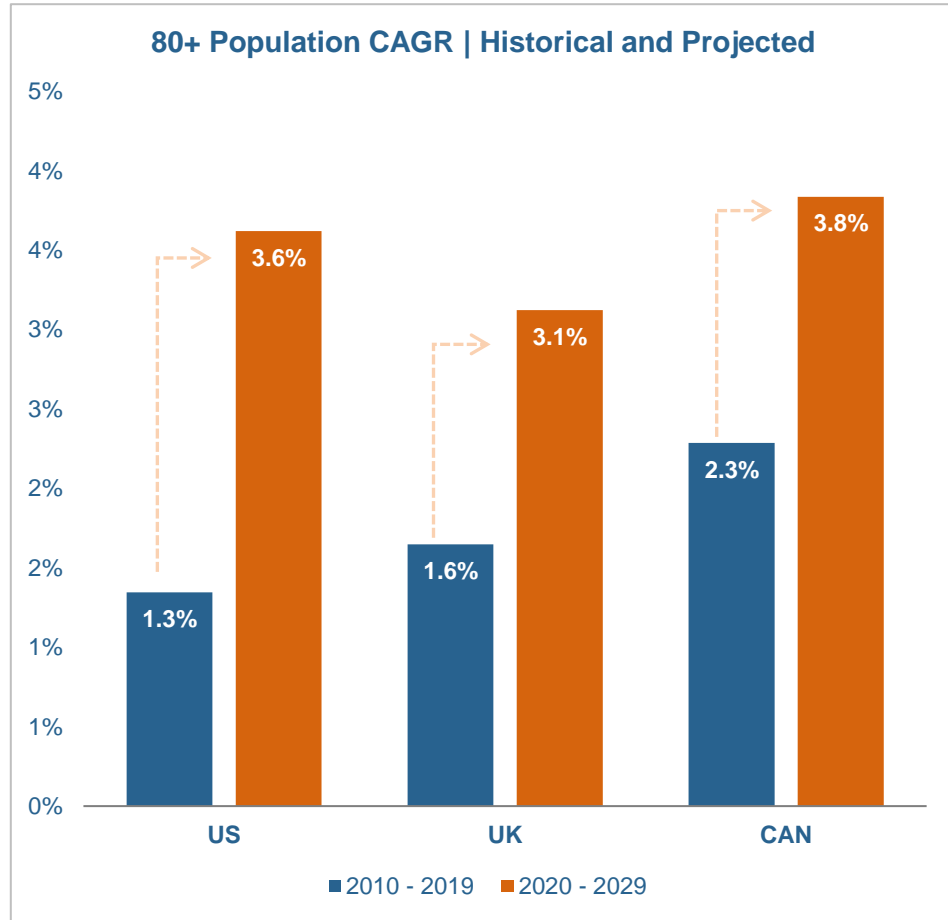
# Seniors Housing Operator Platform | Power of Diversification

*Diversity Across Acuity, Geography and Operating Model*

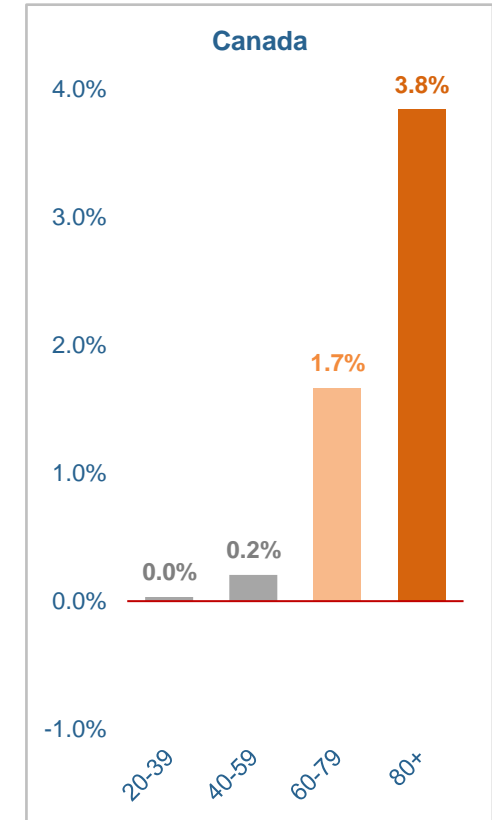
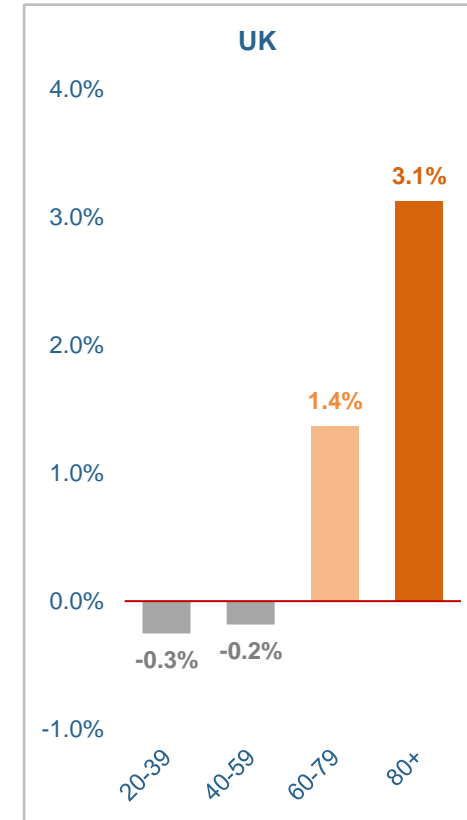
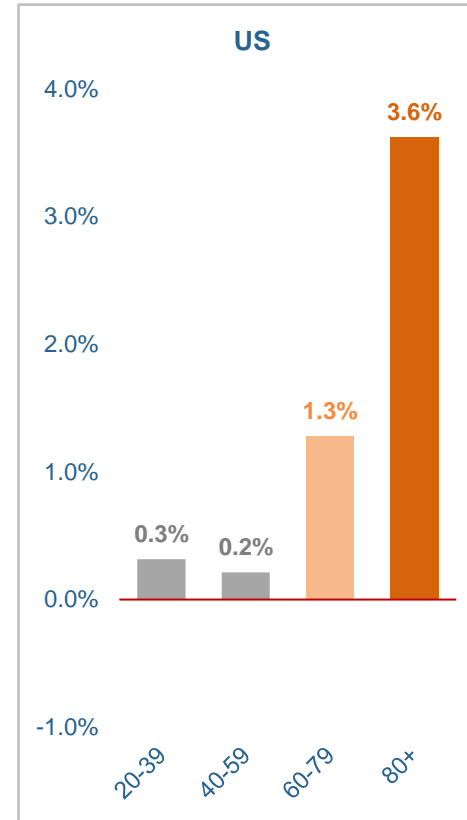
## Operator Diversification | Average Monthly Rent vs Average Portfolio Acuity



# Demographic Backdrop | Rapidly Aging Population<sup>(1)</sup>



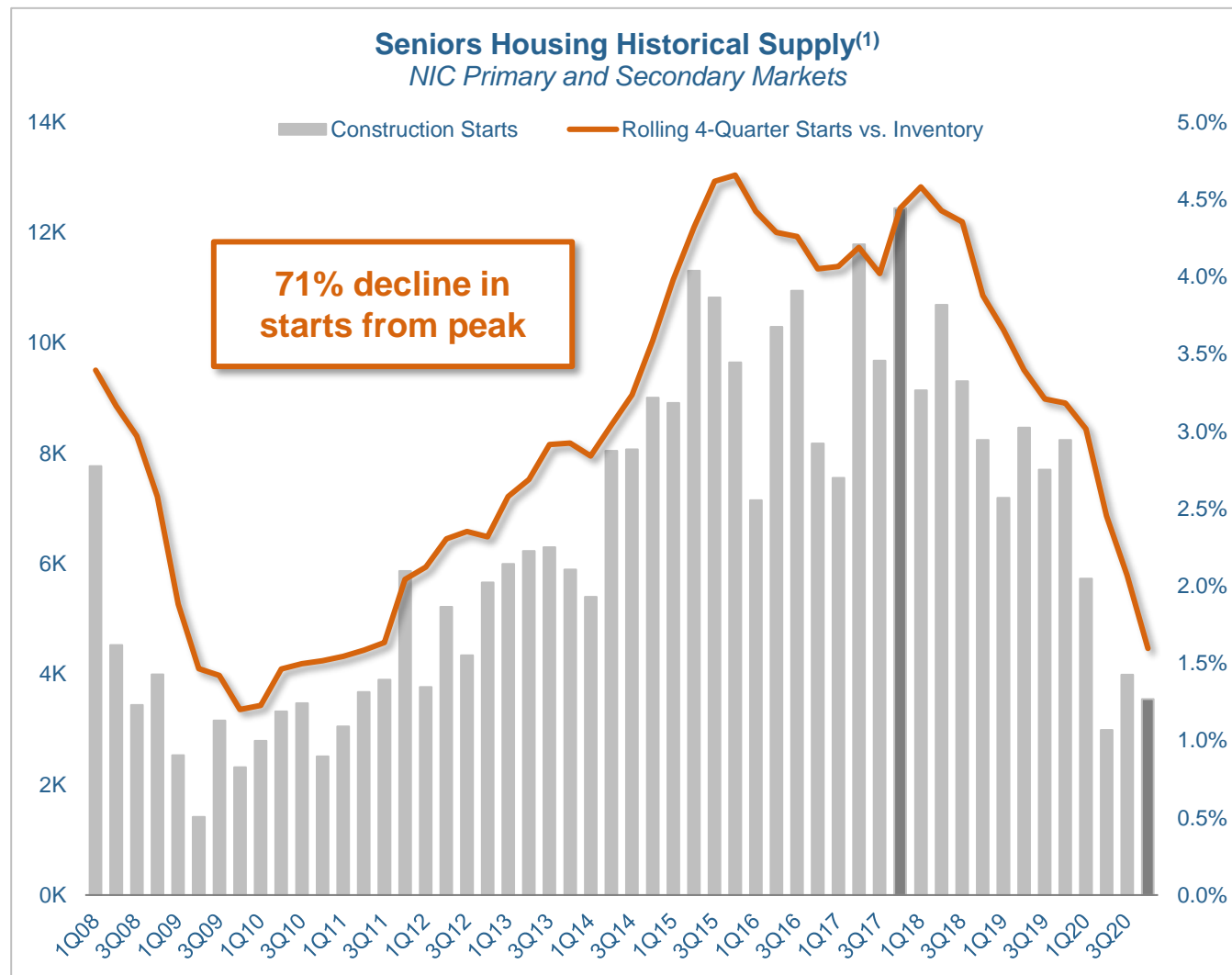
**10 Year Population CAGR by Age Cohort | 2020 - 2029**



1. Source: The Organisation for Economic Cooperation and Development (OECD)

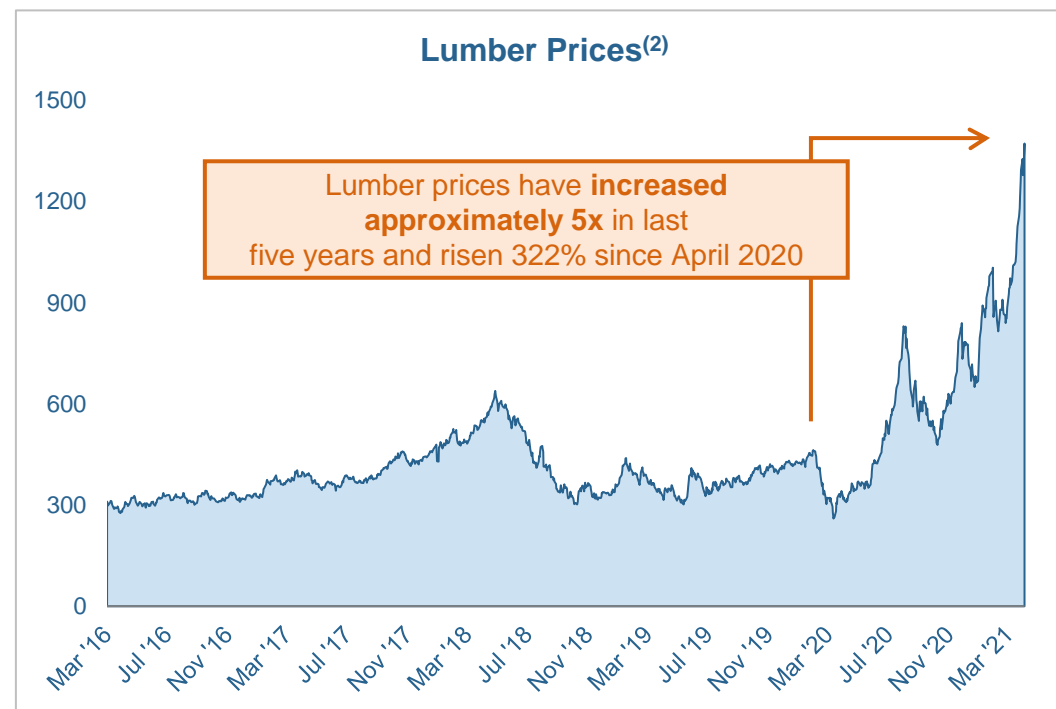


# Seniors Housing Supply Backdrop



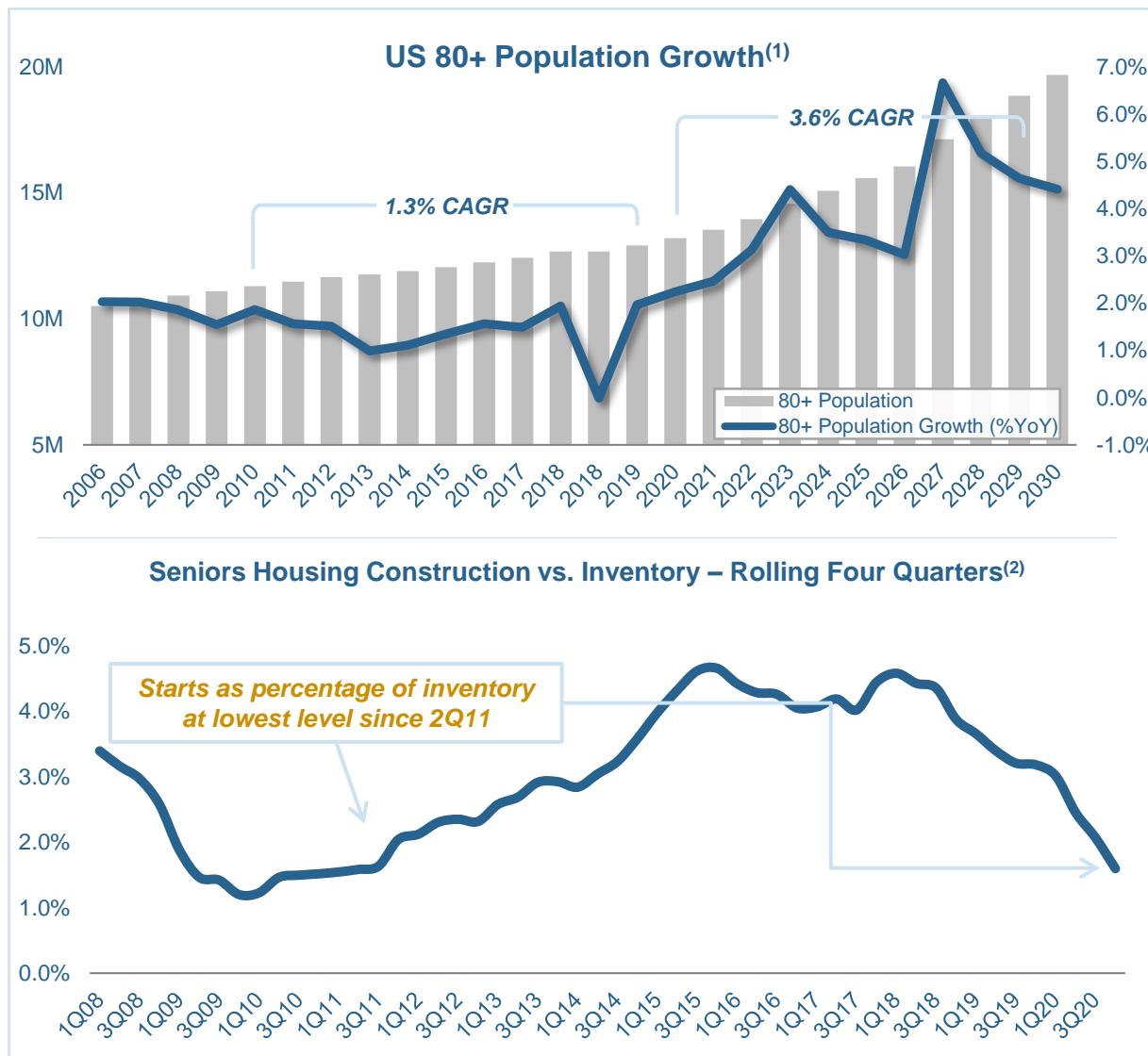
**Rapid Increase in Cost of Key Materials May Curtail Near-Term Starts<sup>(2)</sup>**

	2019 – 2020 Price Change	YTD 2021 Price Change
Lumber	+115.4%	<b>+238.6%</b>
Steel	+70.9%	<b>+131.8%</b>
Copper	+25.8%	<b>+55.4%</b>



1. Source: NIC MAP  
 2. Bloomberg. Lumber: Random Length Lumber Futures; Steel: U.S. Midwest Domestic Hot-Rolled Coil Steel Index Futures; Copper: Copper Futures. 2019 – 2020 Price Change: 12/31/2019 – 12/31/2020; YTD 2021 Price Change: 12/31/20 – 4/23/2021

# COVID Recovery | Growth Opportunity



Demographic-driven  
Occupancy Recovery



Supply Deceleration



**Unique Opportunity for  
Significant NOI Growth**

1. Source: The Organisation for Economic Cooperation and Development (OECD)  
2. Source: NIC MAP, Primary and Secondary Markets

# SHO Portfolio | 1Q2021 Observations

## Revenues

- SHO portfolio average occupancy declined approximately 310bps vs. 4Q2020 relative to initial guidance of down 275bps to 375bps
  - Average sequential occupancy decline impacted by significant occupancy losses experienced in late 4Q2020
- 1Q2021 Same store REVPOR<sup>(1)</sup> (1Q2021 vs. 1Q2020):
  - Assisted Living properties increased 1.6%
  - Independent Living properties increased 0.7%
  - **Senior Apartment properties increased 6.3%**
- Move in activity increased 8% sequentially in 1Q2021 as compared to 4Q2020; declined 16% on a year-over-year basis
- Move out activity increased 6% sequentially in 1Q2021 as compared to 4Q2020; declined 8% on a year-over-year basis

## Expenses

- Total same store pro rata expenses decreased slightly in 1Q2021 from 4Q2020 following a diminution in COVID related expenses in late-February and March. The sequential quarter occupancy decline experienced in 1Q2021 also resulted in a decline in certain controllable expenses<sup>(2)</sup>
- Same store SHO portfolio incurred approximately \$15 million in pro rata COVID-related property level expenses, net of reimbursements in 1Q2021<sup>(3)</sup>
- COVID-related expenses are expected to moderate in 2Q2021 as compared to 1Q2021 as COVID cases continue to decline

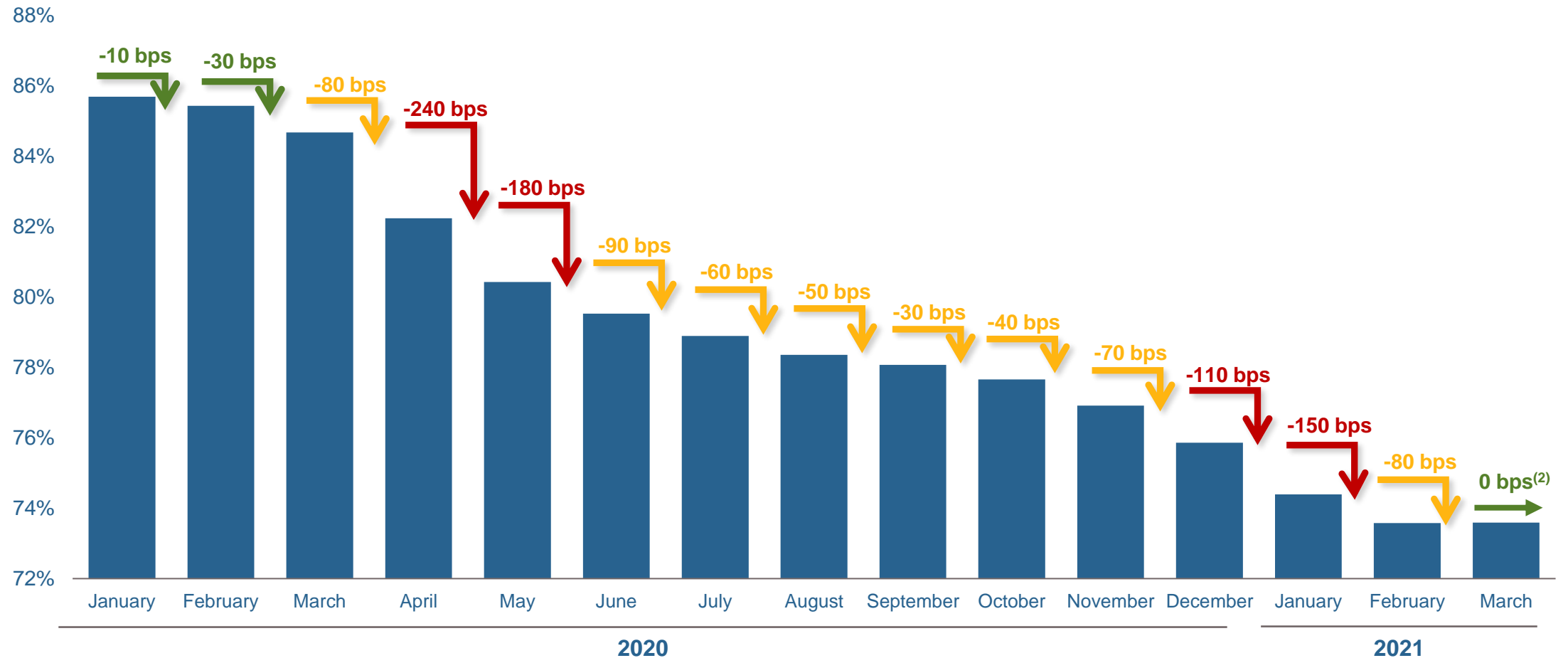
1. Represents SHO same store portfolio. See Supplemental Financial Measures at the end of this presentation for reconciliations

2. Refer to 1Q21 Supplemental Information published on April 28<sup>th</sup>, 2021

3. Reimbursements received during the first quarter of \$33.7 million related to the HHS Provider Relief Fund and similar reimbursements in the UK and Canada related to out of period expenses and have been excluded from same store NOI

# SHO Portfolio | Occupancy Trends

## Total SHO Month-End Pro Rata Occupancy<sup>(1,2)</sup>



- Occupancy represents approximate month end pro rata occupancy for all SHO properties in operation as of February 29, 2020, excluding only acquisitions, executed dispositions and development conversions since this date. Approximate month end spot occupancy is as follows: **2020**: January – 85.7%; February – 85.4%; March – 84.7%; April – 82.2%; May – 80.4%; June – 79.5%; July – 78.9%; August – 78.4%; September – 78.1%; October – 77.7%; November – 76.9%; December – 75.9%; **2021**: January – 74.4%; February – 73.6%; March – 73.6%.
- Units and occupancy metrics have been revised for all periods presented to be reported at Welltower pro rata share as opposed to at 100%. The change in methodology resulted in minor revisions (typically 0-10bps) to month-over-month occupancy changes. Under previous methodology, spot occupancy declined -140bps, -90bps, and -10bps in January 2021, February 2021, and March 2021, respectively.

# SHO Portfolio | Path to Recovery

*Embedded NOI growth of approximately \$480 million through potential return to Pre-COVID levels*

Category	NOI (\$m)
1Q21 Annualized In-Place NOI ("IPNOI") <sup>(1)</sup>	648
<b>A) 1Q21 Provider Relief Funds ("HHS")</b>	<b>(128)</b>
<b>B) 1Q21 Portfolio - Core 1Q21 IPNOI (ex HHS)</b>	<b>520</b>
C) Stable Portfolio Occupancy Recovery	362
D) Development and Fill-Up Stabilization	95
E) Transitions	17
<u>F) Acquisitions</u>	<u>5</u>
<b>G) 1Q21 Portfolio – Post-COVID Recovery NOI</b>	<b>999</b>

A) Annualized one-time impact of Provider Relief Funds recognized in 1Q21

B) 1Q21 IPNOI Portfolio excluding Provider Relief Funds

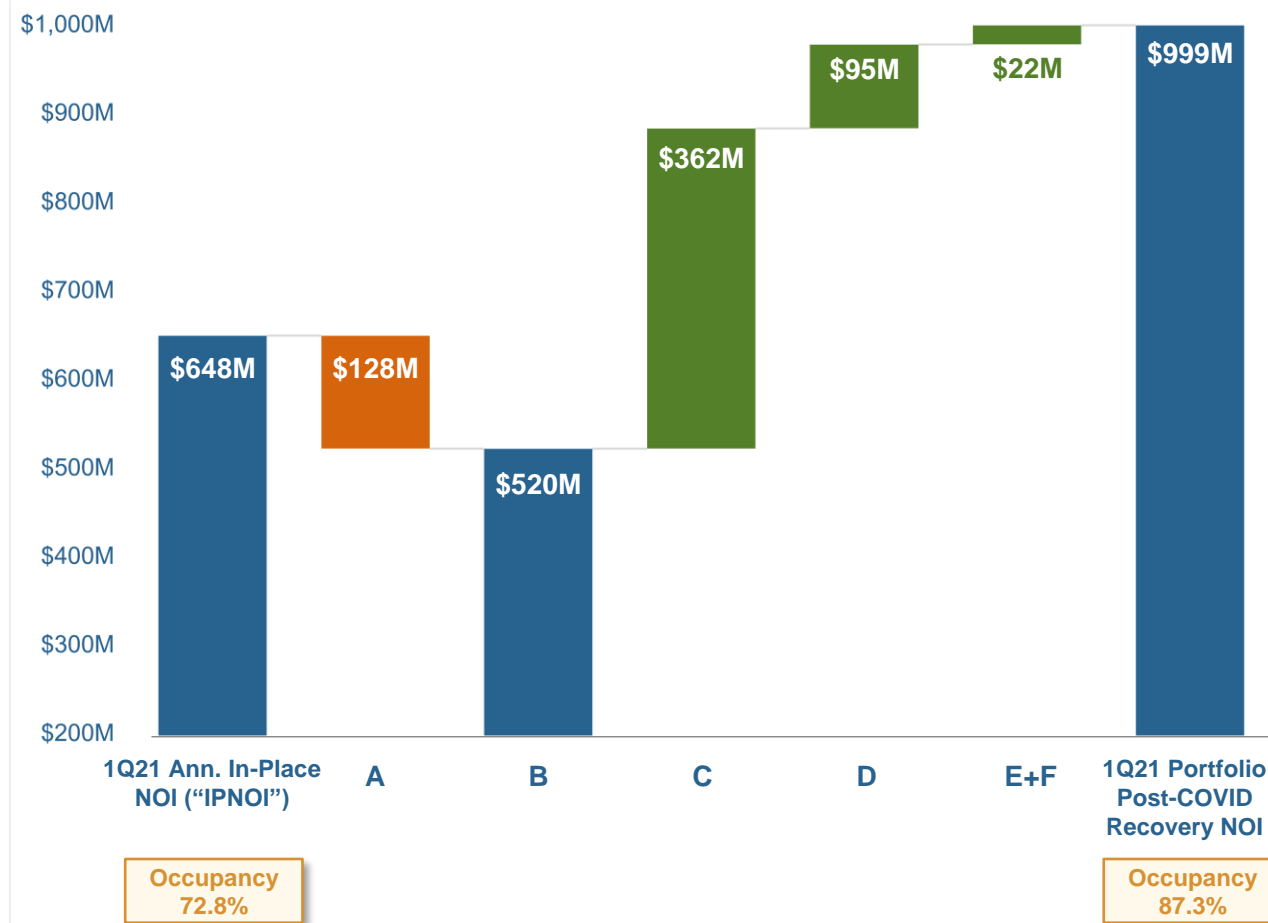
C) 4Q19 Stable Portfolio - Incremental NOI from return to 4Q19 NOI levels

D) Lease-up portfolio as of 4Q19, development properties delivered subsequent to 4Q19 and acquired properties in lease-up. Incremental NOI driven by lease-up to underwritten stabilization

E) SHNNN to SHO Transitions - Properties transitioned to SHO from SHNNN subsequent to 4Q19. NOI stabilization assumes return to 4Q19 NOI

F) SHO Properties Acquired Subsequent to 4Q19 - Incremental NOI from recently acquired properties returning to pre-COVID NOI

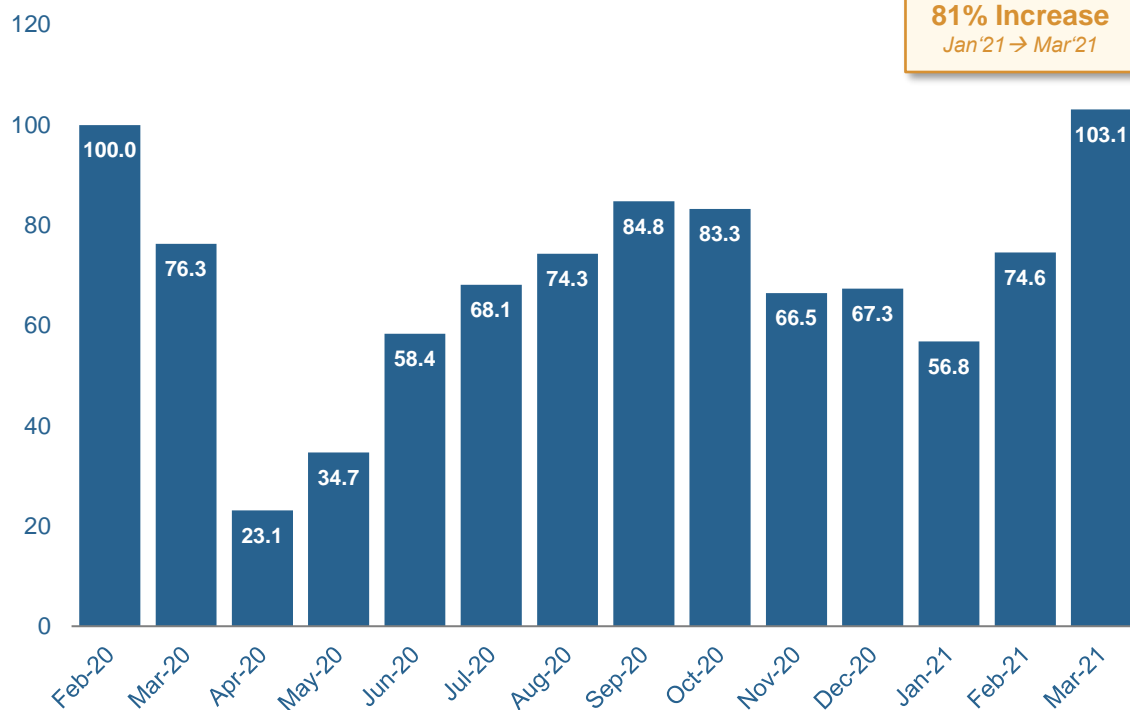
G) 1Q21 Post-COVID Recovery NOI - Represents portfolio occupancy of 87.3% and operating margin of 30.0%



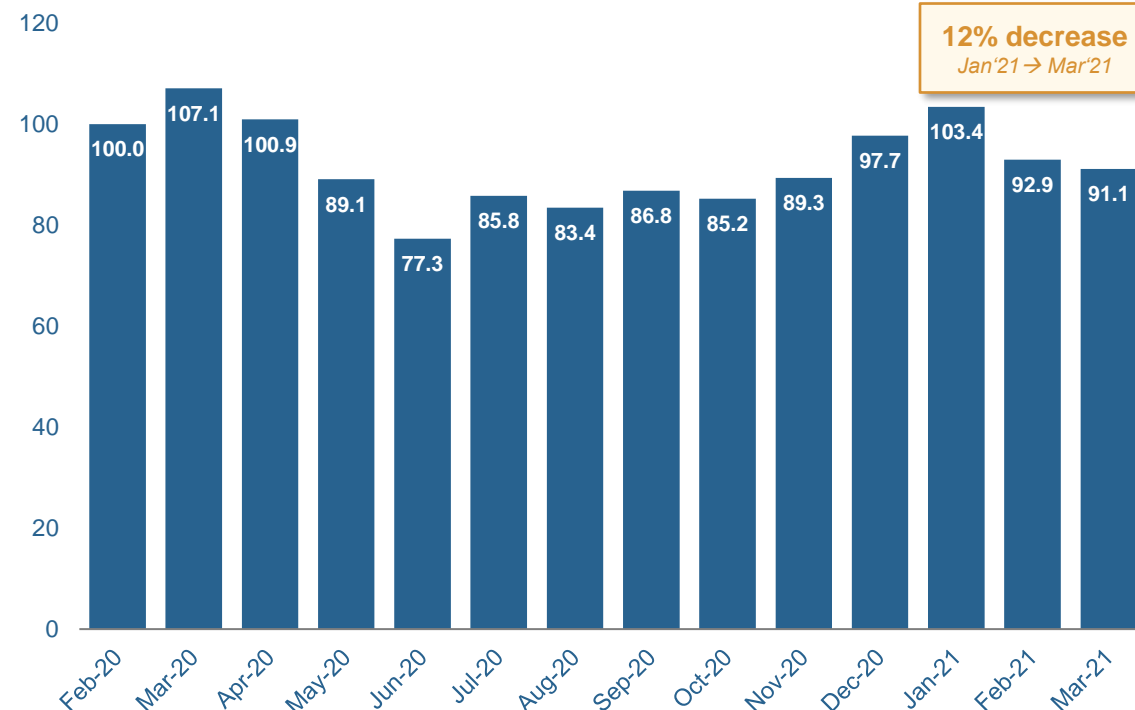
1. See Supplemental Financial Measures at the end of this presentation.

# SHO Portfolio | Move Ins & Move Outs<sup>(1)</sup>

Indexed Move Ins Since February 2020



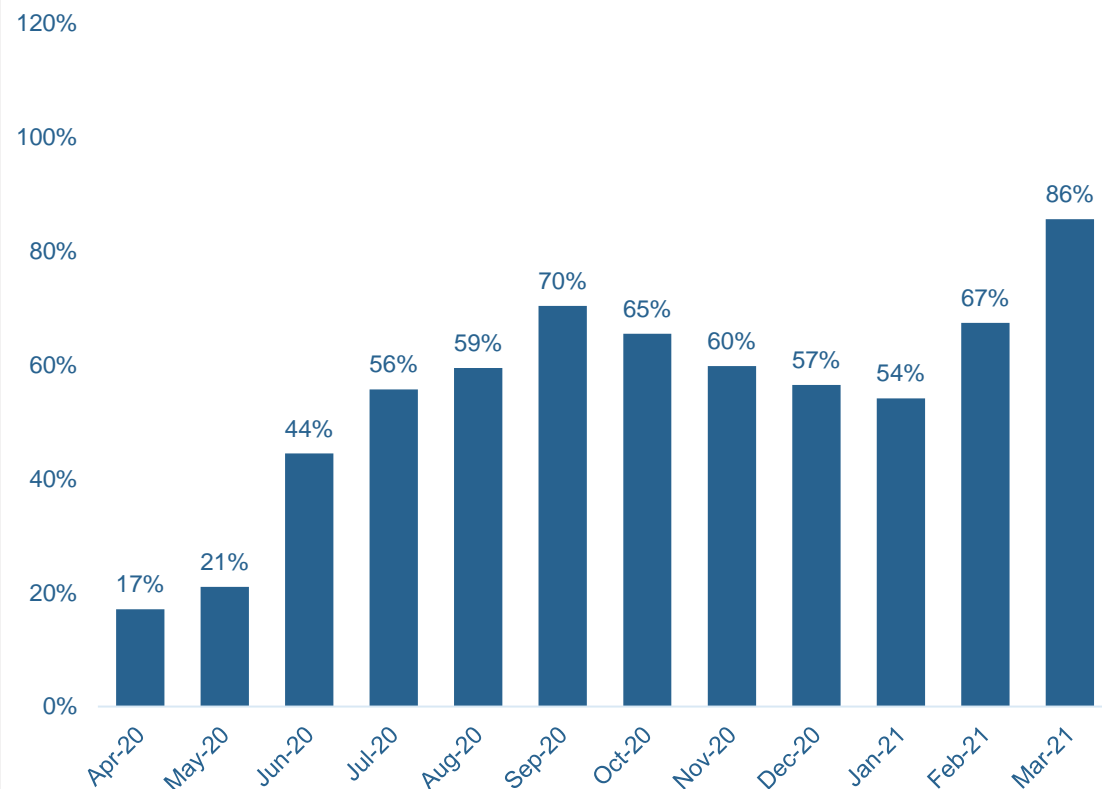
Indexed Move Outs Since February 2020



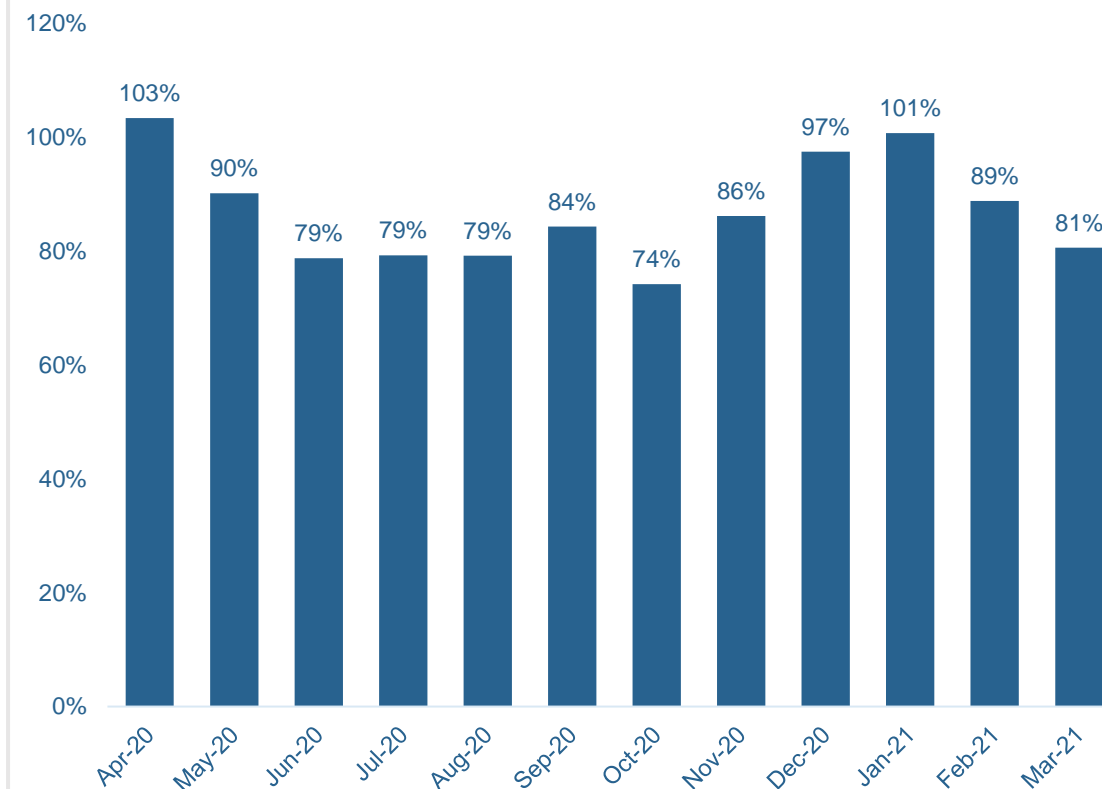
1. Move Ins and Move outs have been revised for all periods presented to be reported at Welltower pro rata share as opposed to at 100%

# SHO Portfolio | Move Ins & Move Outs<sup>(1)</sup>

## Move Ins as % 2019 Move Ins



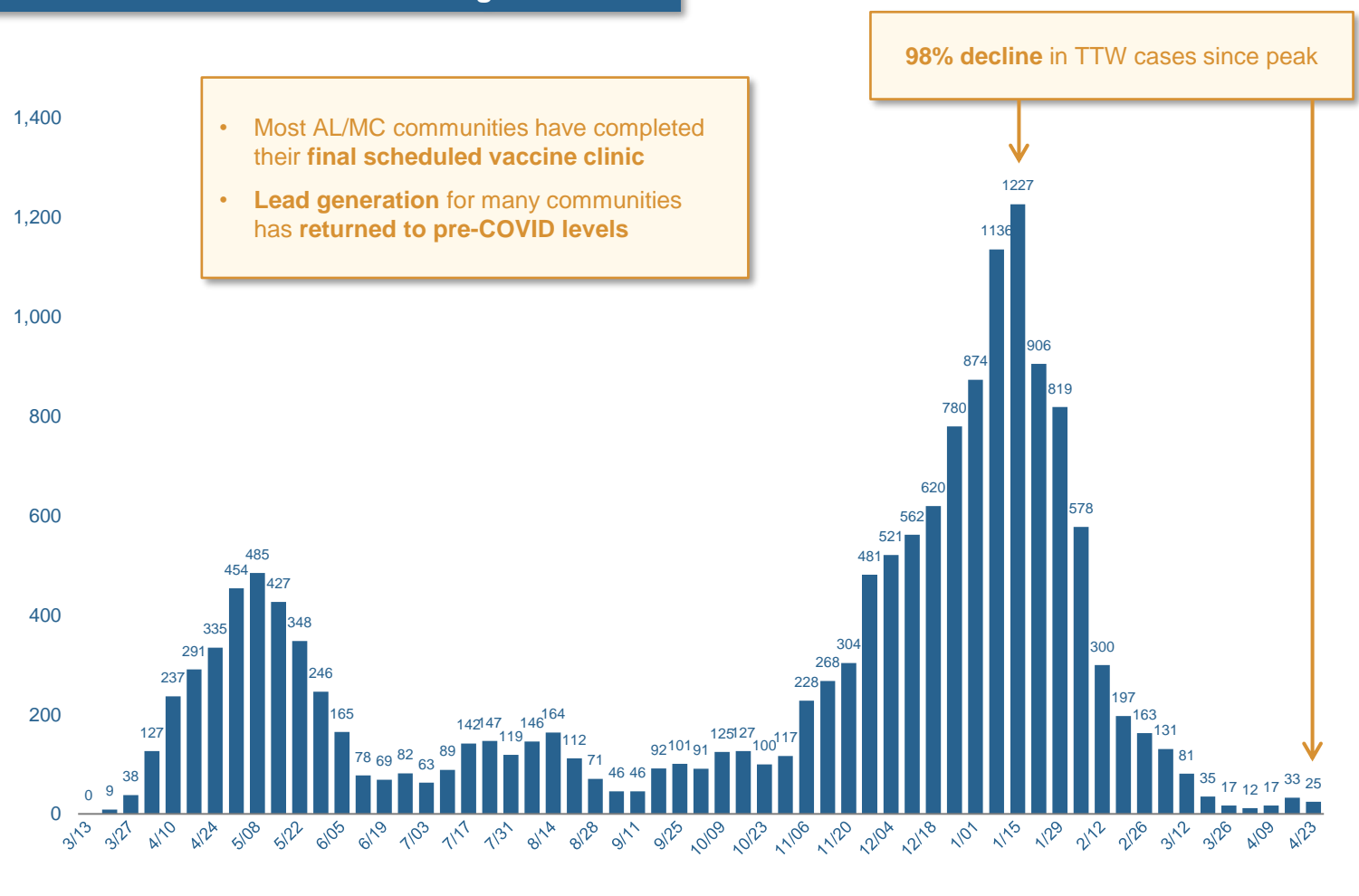
## Move Outs as % 2019 Move Outs



1. Move Ins and Move outs have been revised for all periods presented to be reported at Welltower pro rata share as opposed to at 100%

# SHO Portfolio | COVID-19 Impact<sup>(1)</sup>

## Resident COVID-19 Cases – Trailing Two Weeks



## COVID-19 Impact

- 99% of communities are accepting new residents, up from 84% as of mid-January 2021
- 98% decline in trailing two week (TTW) case count since peak in mid-January 2021
- 97% of communities have zero reported resident COVID-19 cases on a TTW basis versus 64% in mid-January 2021

## Operations Update

- Visitation restrictions have been eased at many communities while maintaining strict adherence to state, local, and/or operator-imposed guidelines
- Many communities have begun to open dining rooms with limited capacity and resumed social programming
- In-person tours are being offered on a more consistent basis; virtual tours remain available
- Previous requirement to self-quarantine post move-in has been shortened or removed at some properties if new resident is fully vaccinated and tested negative for COVID-19

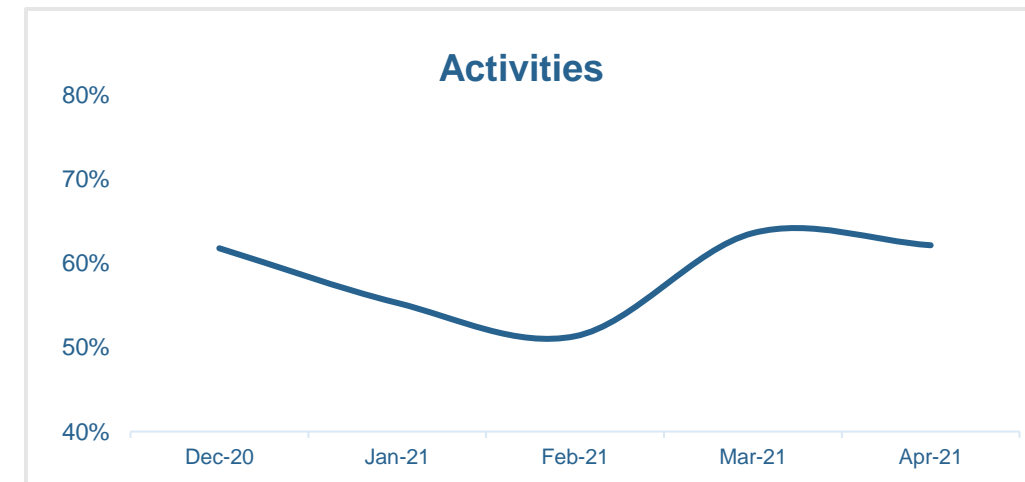
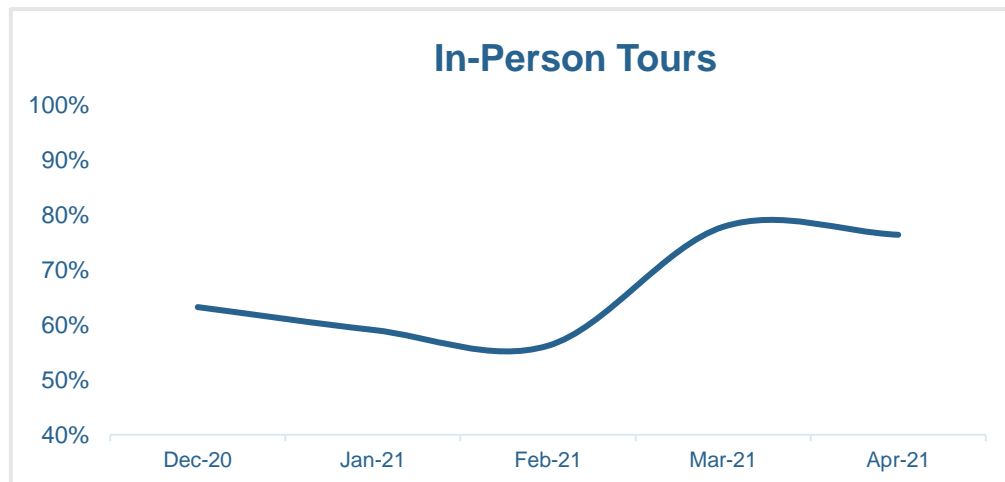
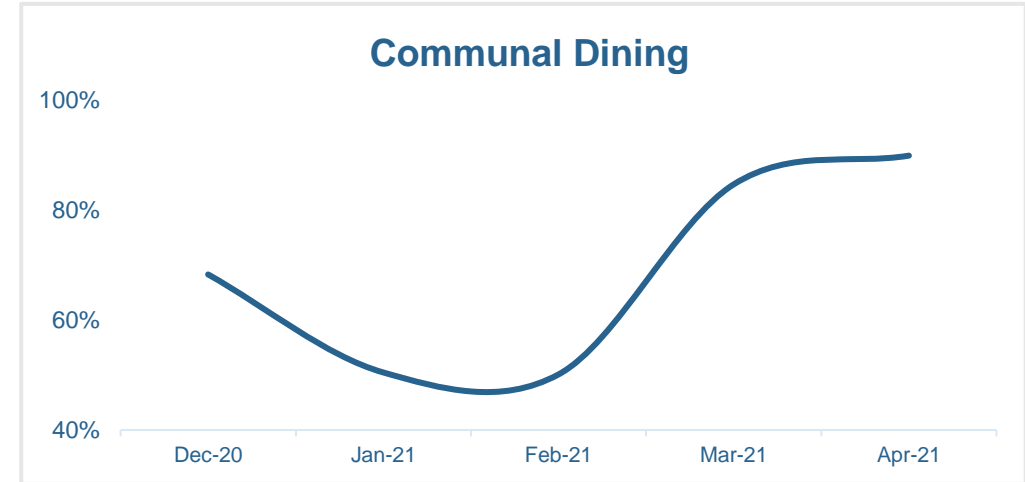
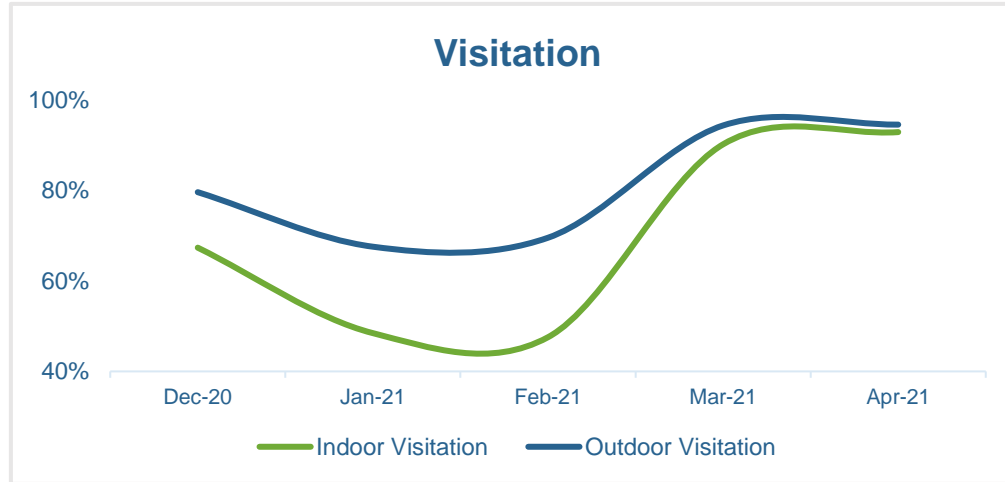
1. All data presented as of April 23, 2021 as reported by operators; has not been verified by Welltower





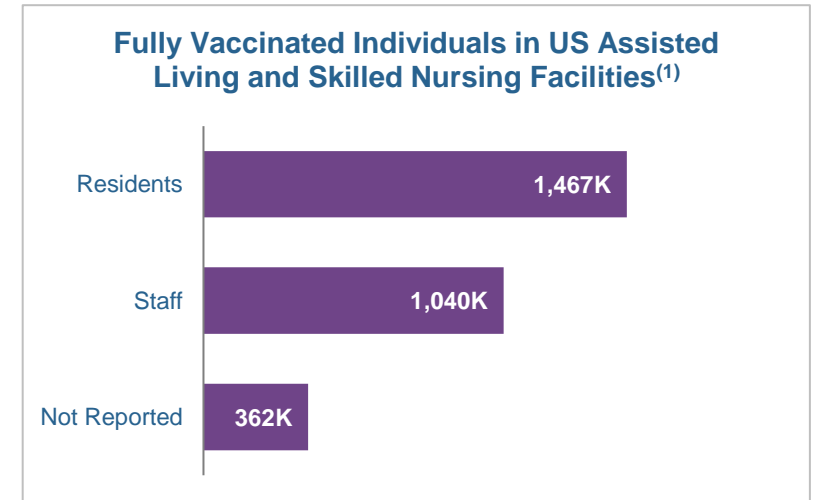
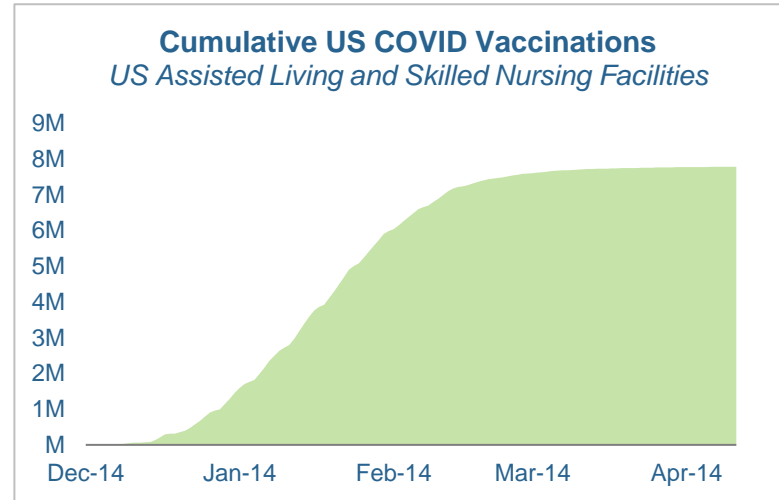
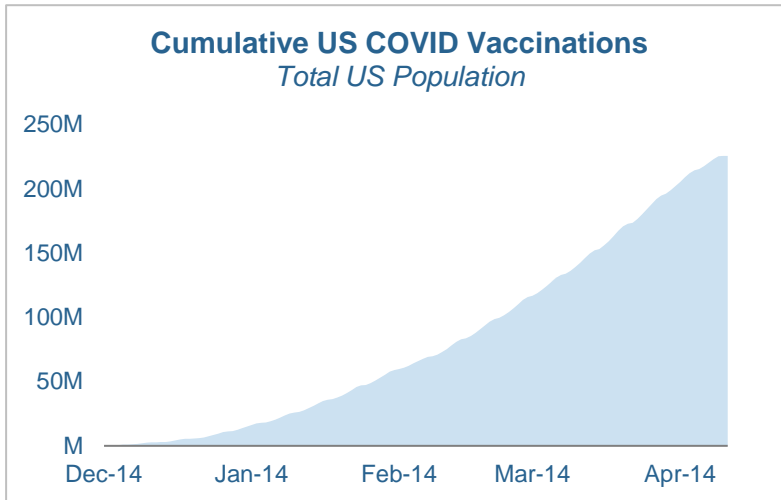
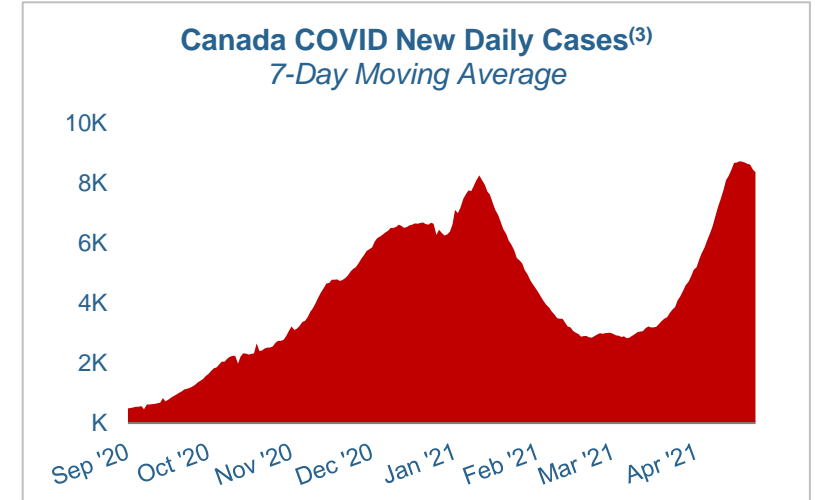
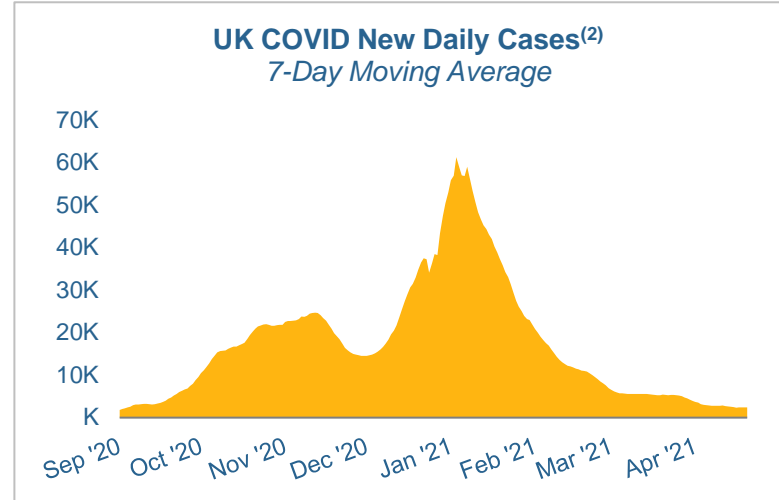
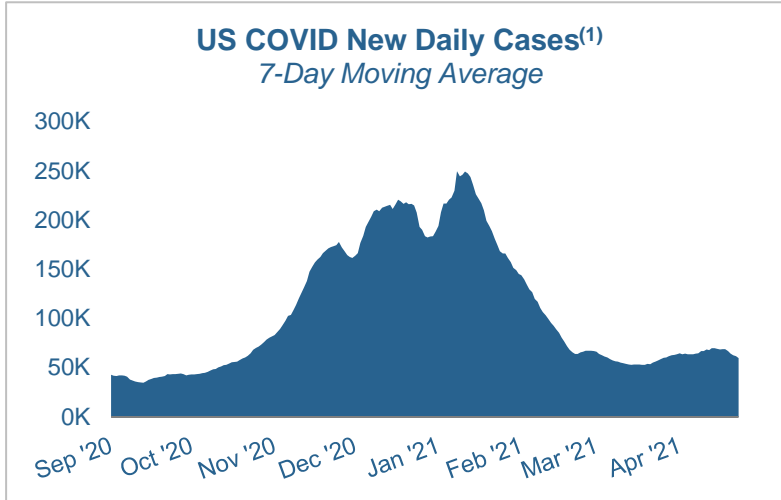
# SHO Portfolio | Additional Community Details<sup>(1)</sup>

*Normalization in US and UK is offset by enhanced restrictions in Canada due to a nationwide increase in COVID cases*



1. All data as reported by operators; has not been verified by Welltower

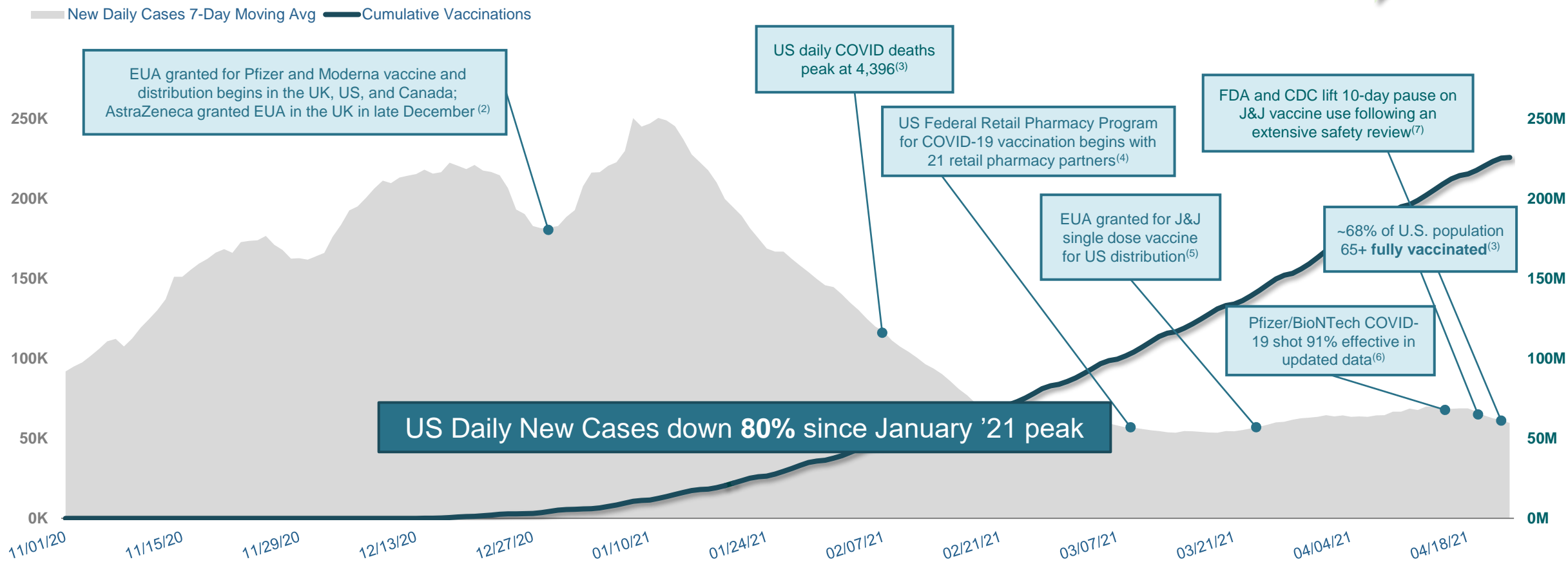
# COVID-19 | Case Count & Vaccination Update



1. Centers for Disease Control and Prevention as of April 24, 2021  
2. <https://coronavirus.data.gov.uk/>  
3. <https://health-infobase.canada.ca/covid-19/covidtrends/>

# Vaccine and Therapeutics Timeline

Vaccine availability for **all adult Americans** anticipated by **May 1 2021**<sup>(1)</sup>



1. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/03/02/remarks-by-president-biden-on-the-administrations-covid-19-vaccination-efforts/>

2. <https://www.astrazeneca.com/media-centre/press-releases/2020/astrazenecas-covid-19-vaccine-authorized-in-uk.html>

3. <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

4. <https://www.cdc.gov/vaccines/covid-19/retail-pharmacy-program/index.html>

5. <https://www.jnj.com/johnson-johnson-covid-19-vaccine-authorized-by-u-s-fda-for-emergency-use-first-single-shot-vaccine-in-fight-against-global-pandemic/>

6. <https://www.reuters.com/article/health-coronavirus-pfizer/pfizer-biontech-covid-19-shot-91-effective-in-updated-data-protective-against-south-african-variant-idUKKBN2BO68Fhttps://www.cdc.gov/vaccines/covid-19/retail-pharmacy-program/index.html>

7. <https://www.fda.gov/news-events/press-announcements/fda-and-cdc-lift-recommended-pause-johnson-johnson-janssen-covid-19-vaccine-use-following-thorough>

# Balance Sheet & Investments Update

# Balance Sheet & Investment Highlights

## Notable 2021 Year To Date Highlights

- **Near-term liquidity of \$4.0 billion as of April 27, 2021**
  - Cash balance totals approximately \$1.0 billion<sup>(1)</sup>; revolving credit facility is undrawn with capacity of \$3.0 billion
- Subsequent to quarter end, redeemed \$339 million in 3.750% senior notes due March 2023 and \$335 million in 3.950% senior notes due September 2023
- As of April 27, 2021, completed approximately \$1.3 billion of gross pro rata investments excluding development funding year-to-date, of which \$1.1 billion was completed subsequent to quarter end, including:
  - **Senior loan advancement of £540 million (\$750 million) in April 2021 to HC-One Group maturing 2026**
- As of April 27, 2021, received approximately \$491 million in pro rata disposition proceeds.
  - Including \$58 million relating to the contribution of 9 PowerBacks to the 80/20 ProMedica joint venture at a valuation of \$292 million
- **Near-term capital deployment pipeline remains robust across a wide range of opportunities**

Liquidity (\$M)	April 27, 2021
Cash and Cash Equivalents <sup>(1)</sup>	\$1,000
Undrawn Line of Credit Capacity	\$3,000
<b>Near-Term Liquidity</b>	<b>\$4,000</b>
Expected Proceeds from Assets Held For Sale <sup>(2)</sup>	\$681
Expected Proceeds from 2021 Loan Payoffs	\$175
<b>Near-Term Liquidity + Expected Proceeds</b>	<b>\$4,856</b>

**Weighted Average Debt Maturity of 7.3 Years<sup>(3)</sup>**

**Baa1**  
MOODY'S

**BBB+**  
S&P Global

1. Estimated cash balance of \$1.0 billion as of April 27, 2021, including cash and cash equivalents and IRC Section 1031 deposits

2. Includes 1Q2021 assets held for sale of \$688 million as of March 31, 2021 less \$7 million related to dispositions closed subsequent to quarter end as of April 27, 2021

3. Represents March 31, 2021 data with pro forma adjustments to reflect the April 15, 2021 redemption of \$339 million in aggregate amount outstanding of 3.750% senior notes due March 2023 and all \$335 million aggregate amount outstanding of 3.950% senior notes due September 2023 and a portion of the two-year unsecured term loan due 2022 as if all transactions had occurred on March 31, 2021

# HC-One Recapitalization & WELL Investment

# HC-One Recapitalization and WELL Investment Overview

*Investment is immediately accretive to Welltower's earnings and expected to generate low-to-mid teens unlevered IRR to WELL*  
*Total investment offers "equity-like" returns with strong downside protection, including last pound exposure of £40,000 per unit*  
*Equity investment and warrants provide Welltower the opportunity to participate in post-COVID seniors housing recovery*

## Background

- HC-One is the UK's largest seniors housing provider, operating a diversified portfolio of communities offering memory care, nursing, residential, and specialty care
- The portfolio had previously been owned in a 50/50 JV between Safanad, a global private equity firm, and Formation Capital ("FC"). WELL provided mezzanine debt to FC in 2014
- Recapitalization will facilitate HC-One's ability to enhance portfolio of care homes by investing in technology and staff, positioning HC-One for future growth

## Strategic Rationale

- **Best-in-class value-oriented operator with strong positioning in its market segment and a seasoned management team**
- Investment creates financial flexibility and offers growth capital for HC-One to execute on portfolio and operational platform enhancement opportunities during post-COVID recovery
- Transaction serves to deleverage the company, extend maturities, and removes all other lenders from the global capital structure while offering WELL "equity-like" returns with downside protection
- WELL's leadership role in recapitalization and platform investment is expected to drive future capital deployment opportunities

## Economic Rationale

- **Investment is immediately accretive to Welltower's earnings**
- **Highly attractive risk-adjusted return profile on the senior debt investment with make-whole protection and last pound basis at significant discount to replacement cost**
- **Transaction is expected to generate low-to-mid teens unlevered IRR to WELL**
- Warrants received by WELL and an equity investment of £55M (\$76M) at a significant discount to replacement cost will create upside opportunity as fundamentals recover
- Warrant investments are structurally senior to all other equity claims

# HC-One Investment Details

*Transaction is expected to result in low-to-mid teens IRR to WELL and is immediately accretive to earnings*

## Debt Investment

**WELL's initial debt investment of £540M is secured by the corporate credit of HC-One as well as first mortgage rights on real estate owned by HC-One**

- In April 2021, WELL completed a £540M (\$750M) senior loan advancement to HC-One
- An additional £30M (\$42M) delayed facility is available for working capital and capital expenditures
- Loan matures in 2026

## Downside Protection

- Loan is collateralized by first mortgage rights on 282 properties owned by HC-One
- WELL's last pound basis on the total loan amount of £540M (\$750M) is approximately £40,000 per unit<sup>(1)</sup>, representing a substantial discount to replacement cost

## Warrants and Equity Investment

**As part of the transaction, WELL received warrants allowing for participation in post-COVID recovery in UK seniors housing fundamentals**

- WELL has the highest priority in the capital stack after WELL's secured loan to HC-One
- Warrants allow for economic participation in any distributions prior to exit and equity returns above the relevant strike price upon exit

**WELL's participation in the recapitalization includes expected £55M (\$76M) equity investment**

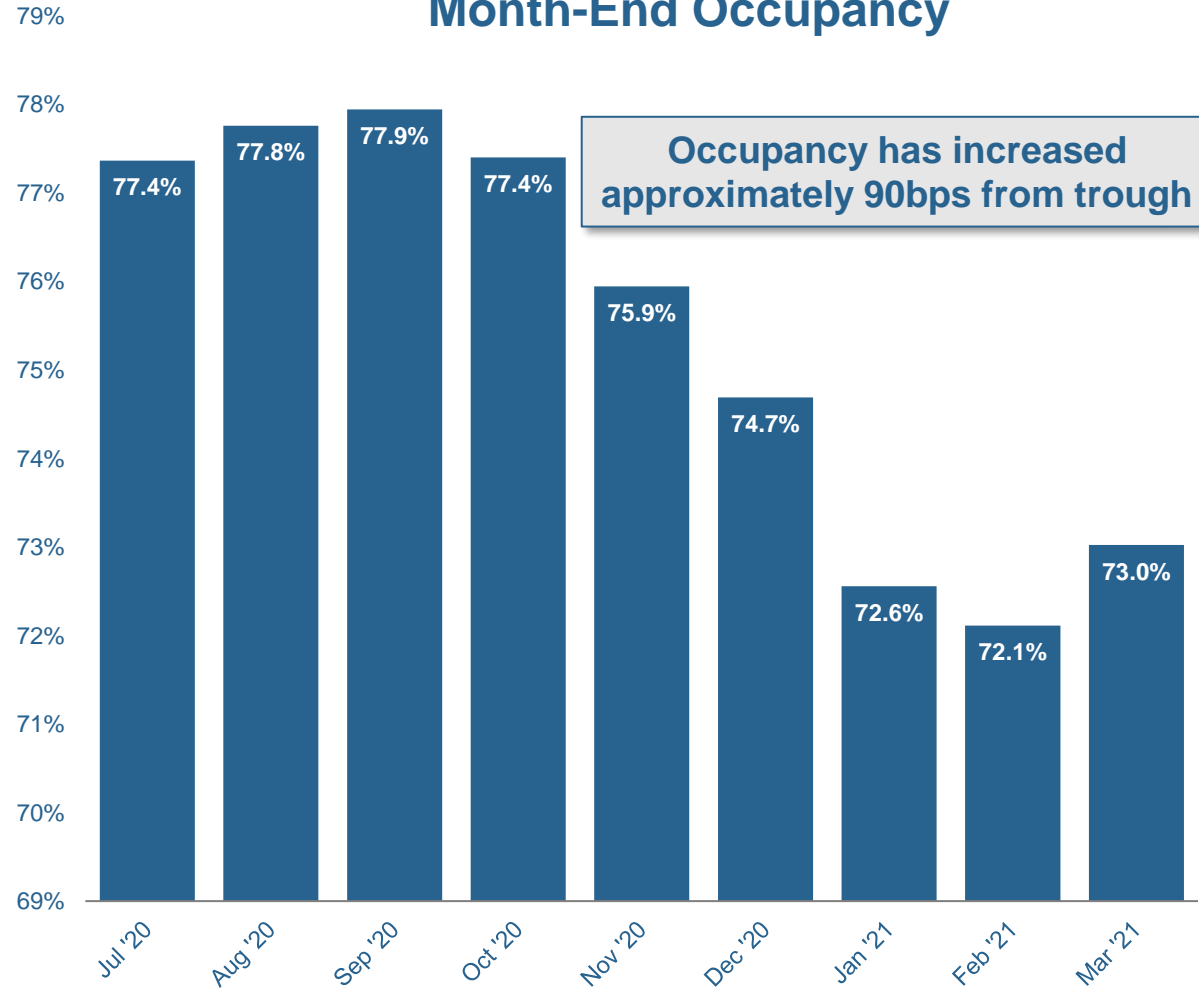
- Enterprise value for equity pricing is attractive and represents a substantial discount to replacement cost of the portfolio

1. Based on owned and ground lease portfolio units only

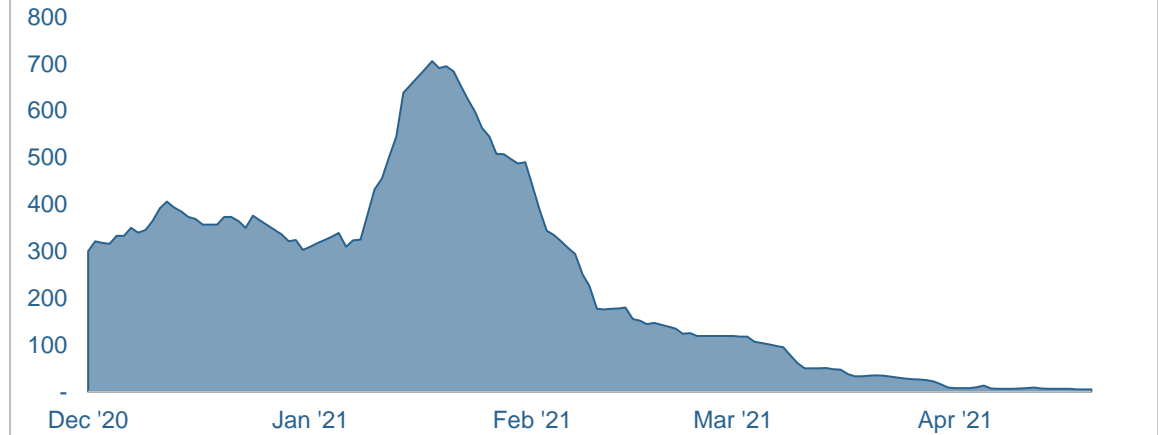


# HC-One Portfolio Trends<sup>(1)</sup>

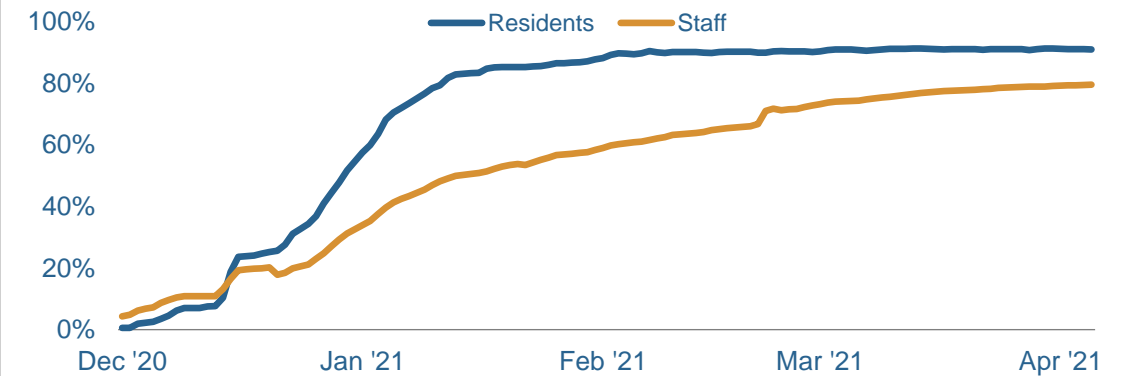
## Month-End Occupancy



## Active Resident COVID-19 Cases



## Resident & Staff Vaccinations



1. All data as reported by HC-One

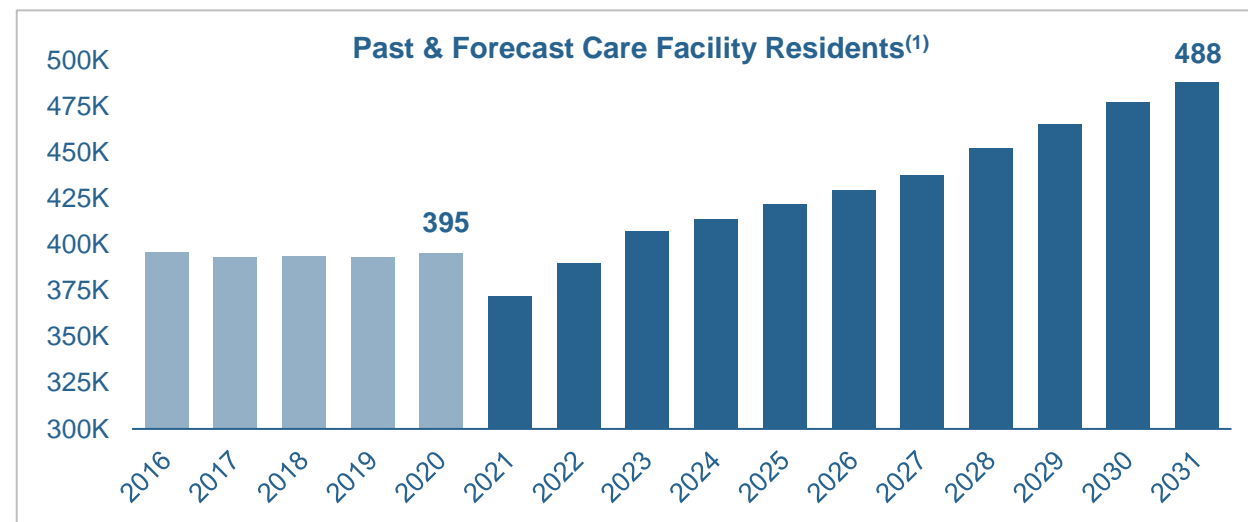
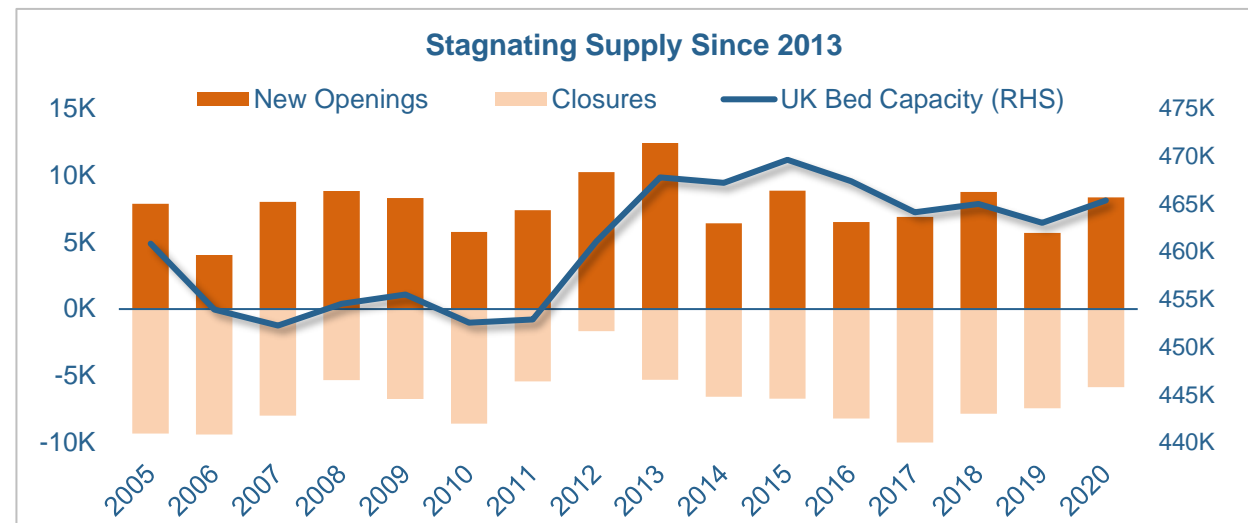
# UK Seniors Housing Market and Fundamentals<sup>(1)</sup>

*The UK 80+ age cohort is expected to grow by ~40% over the next decade<sup>(2)</sup>*

*The UK Seniors Housing sector is experiencing 3 structural market changes<sup>(1)</sup>:*

1. An acute increase in long-term demand for beds driven by an aging population with **higher acuity needs**
2. A steady, **long-term decline in total bed capacity** poorly positioned to meet the growing demand
3. An **aging physical stock** unsuited to the demands and expectations of the **next generation of consumers**

	Operator	Est. Care Services Revenue (£M)	Market Share by Bed Count (%)
1	HC-One	698	4.5
2	Barchester Healthcare	580	3.7
3	Four Seasons Health Care	545	3.5
4	Care UK	353	2.3
5	Bupa Care Homes	330	2.1
6	Anchor Hanover	202	1.3
7	Sanctuary Housing Association	194	1.2
8	MHA	201	1.3
9	Avery Healthcare Group	169	1.1
10	Runwood Homes Ltd	141	0.9
	Other	12,181	78.1
All Independent Sector		15,561	100



1. Source: LaingBuisson

2. Source: The Organisation for Economic Cooperation and Development (OECD)

# Supplemental Financial Measures



# Non-GAAP Financial Measures

We believe 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, we consider Funds From Operations (FFO), Normalized FFO, Net Operating Income (NOI), In-Place NOI (IPNOI), REVPOR and Same Store REVPOR ("SS REVPOR") to be useful supplemental measures of our operating performance. The supplemental measures are disclosed on our pro rata ownership basis.

Pro rata amounts are derived by reducing consolidated amounts for minority partners' noncontrolling ownership interests and adding our minority ownership share of unconsolidated amounts. We do not control unconsolidated investments. While we consider pro rata disclosures useful, they may not accurately depict the legal and economic implications of our joint venture arrangements and should be used with caution.

Our 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. Our 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 us, 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.



# FFO and Normalized FFO

Historical cost accounting for real estate assets in accordance with U.S. GAAP implicitly assumes that the value of real estate assets diminishes predictably over time as evidenced by the provision for depreciation. However, since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient. In response, the National Association of Real Estate Investment Trusts (NAREIT) created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation from net income. FFO attributable to common stockholders, as defined by NAREIT, means net income attributable to common stockholders, computed in accordance with U.S. GAAP, excluding gains (or losses) from sales of real estate and impairments of depreciable assets, plus real estate depreciation and amortization, and after adjustments for unconsolidated entities and noncontrolling interests. Normalized FFO attributable to common stockholders represents FFO adjusted for certain items detailed in the reconciliations.

Normalizing items include adjustments for certain non-recurring or infrequent revenues/expenses that are described in our earnings press releases for the relevant periods.

We believe that Normalized FFO attributable to common stockholders is a useful supplemental measure of operating performance because investors and equity analysts may use this measure to compare our operating performance between periods or to other REITs or other companies on a consistent basis without having to account for differences caused by unanticipated and/or incalculable items.

# Earnings Outlook Reconciliation

## Quarter Ending June 30, 2021

(in millions, except per share data)

### FFO Reconciliation:

	Current Outlook	
	Low	High
Net income attributable to common stockholders	\$ 128	\$ 149
Impairments and losses (gains) on real estate dispositions, net <sup>(1,2)</sup>	(75)	(75)
Depreciation and amortization <sup>(1)</sup>	249	249
NAREIT FFO and Normalized FFO attributable to common stockholders	\$ 302	\$ 323

### Diluted per share data attributable to common stockholders:

Net income	\$ 0.31	\$ 0.36
NAREIT FFO and Normalized FFO	\$ 0.72	\$ 0.77

### Other items:<sup>(1)</sup>

Net straight-line rent and above/below market rent amortization	\$ (20)	\$ (20)
Non-cash interest expenses	4	4
Recurring cap-ex, tenant improvements, and lease commissions	(24)	(24)
Stock-based compensation	5	5

(1) Amounts presented net of noncontrolling interests' share and Welltower's share of unconsolidated entities.

(2) Includes estimated gains on projected dispositions.

# NOI, IPNOI, REVPOR & SS REVPOR

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 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 and transaction costs. These expenses include, but are not limited to, payroll and benefits, professional services, office expenses and depreciation of corporate fixed assets.

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.

REVPOR represents the average revenues generated per occupied room per month at our seniors housing operating properties. It is calculated as our pro rata version of total resident fees and services revenues from the income statement divided by average monthly occupied room days. SS REVPOR is used to evaluate the REVPOR performance of our properties under a consistent population which eliminates changes in the composition of our portfolio. It is based on the same pool of properties used for SSNOI and includes any revenue normalizations used for SSNOI. We use REVPOR and SS REVPOR to evaluate the revenue-generating capacity and profit potential of its seniors housing operating portfolio independent of fluctuating occupancy rates. They are also used in comparison against industry and competitor statistics, if known, to evaluate the quality of our seniors housing operating portfolio.

We believe NOI, IPNOI, REVPOR and SS REVPOR 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.

# In-Place NOI Reconciliations

(dollars in thousands)

	1Q21	1Q19
Net income (loss)	\$ 72,192	\$ 292,302
Loss (gain) on real estate dispositions, net	(59,080)	(167,409)
Loss (income) from unconsolidated entities	(13,049)	9,199
Income tax expense (benefit)	3,943	2,222
Other expenses	10,994	8,756
Impairment of assets	23,568	—
Provision for loan losses	1,383	18,690
Loss (gain) on extinguishment of debt, net	(4,643)	15,719
Loss (gain) on derivatives and financial instruments, net	1,934	(2,487)
General and administrative expenses	29,926	35,282
Depreciation and amortization	244,426	243,932
Interest expense	123,142	145,232
Consolidated net operating income	434,736	601,438
NOI attributable to unconsolidated investments <sup>(1)</sup>	21,516	21,827
NOI attributable to noncontrolling interests <sup>(2)</sup>	(20,827)	(41,574)
Pro rata net operating income (NOI)	435,425	581,691
Adjust:		
Interest income	(19,579)	(15,119)
Other income	(8,131)	(7,690)
Sold / held for sale	(19,082)	(11,789)
Developments / land	1,436	409
Non In-Place NOI <sup>(3)</sup>	29,616	(20,971)
Timing adjustments <sup>(4)</sup>	567	3,216
In-Place NOI	420,252	529,747
Annualized In-Place NOI	\$ 1,681,008	\$ 2,118,988

In-Place NOI by property type	1Q21	Genesis Powerback <sup>(5)</sup>	Proforma 1Q21 <sup>(5)</sup>	% of Total
Seniors Housing Operating	\$ 647,632	\$ —	\$ 647,632	39 %
Seniors Housing Triple-Net	362,608	—	362,608	22 %
Outpatient Medical	399,868	—	399,868	24 %
Health System	143,684	16,549	160,233	9 %
Long-Term/Post-Acute Care	127,216	(23,346)	103,870	6 %
Total In-Place NOI	\$ 1,681,008	\$ (6,797)	\$ 1,674,211	100 %

In-Place NOI by property type	1Q19	% of Total
Seniors Housing Operating	\$ 1,016,744	48 %
Seniors Housing Triple-Net	381,464	18 %
Outpatient Medical	371,952	17 %
Health System	143,200	7 %
Long-Term/Post-Acute Care	205,628	10 %
Total In-Place NOI	\$ 2,118,988	100 %

(1) Represents Welltower's interest in joint ventures where Welltower is the minority partner.

(2) Represents minority partner's interest in joint ventures where Welltower is the majority partner.

(3) Primarily represents non-cash NOI.

(4) Represents timing adjustments for current quarter acquisitions, construction conversions and segment or operator transitions.

(5) Pro forma adjustments to reflect the transition of 9 Genesis-operated PowerBack properties to an 80/20 joint venture with ProMedica, as if the transaction occurred on January 1, 2021. See this presentation and our press release dated March 2, 2021 for further information on the transaction. Pro forma adjustments are based on estimates and assumptions and are preliminary in nature, and should not be assumed to be an indication of the results that would have been achieved had the transaction been completed as of the date indicated.



# SHO REVPOR Growth Reconciliation

(dollars in thousands, except SS REVPOR )

## SHO SS REVPOR Growth

Consolidated SHO revenues

Unconsolidated SHO revenues attributable to WELL<sup>(1)</sup>

SHO revenues attributable to noncontrolling interests<sup>(2)</sup>

SHO pro rata revenues<sup>(3)</sup>

Non-cash revenues on same store properties

Revenues attributable to non-same store properties

Currency and ownership adjustments<sup>(4)</sup>

Normalizing adjustment for policy change<sup>(5)</sup>

Other normalizing adjustments<sup>(6)</sup>

SHO SS revenues<sup>(7)</sup>

Avg. occupied units/month<sup>(8)</sup>

SHO SS REVPOR<sup>(9)</sup>

SS REVPOR YOY growth

	1Q21	1Q20 As Reported	Leap Year Adjustment <sup>(10)</sup>	Adjusted 1Q20
\$	726,402	\$ 851,128		
	43,245	44,396		
	(58,529)	(73,534)		
	711,118	821,990		
	(839)	(797)		
	(74,674)	(84,177)		
	87	10,916		
	—	(1,610)		
	—	63		
\$	635,692	\$ 746,385	\$ (3,387)	\$ 742,998
	38,056	44,023		44,023
\$	5,645	\$ 5,730		\$ 5,704
		(1.5)%		(1.0)%

(1) Represents Welltower's interests in joint ventures where Welltower is the minority partner.

(2) Represents minority partners' interests in joint ventures where Welltower is the majority partner.

(3) Represents SHO revenues at Welltower pro rata ownership.

(4) Includes where appropriate adjustments to reflect consistent property ownership percentages, to translate Canadian properties at a USD/CAD rate of 1.2658 and to translate UK properties at a GBP/USD rate of 1.38.

(5) Represents normalizing adjustment to reflect the application of consistent policies for all periods presented for one Seniors Housing Operating partner.

(6) Represents aggregate normalizing adjustments which are individually less than .50% of SSNOI growth.

(7) Represents SS SHO revenues at Welltower pro rata ownership.

(8) Represents average occupied units for SS properties on a pro rata basis.

(9) Represents pro rata SS average revenues generated per occupied room per month.

(10) Represents 1/29th of February 2020 revenues for properties subject to daily billing.

# SHO SS REVPOR Growth Reconciliation (cont.)

(dollars in thousands, except SS REVPOR )

## As Reported:

	Assisted Living/Memory Care <sup>(1)</sup>		Independent Living <sup>(1)</sup>		Senior Apartment		Total	
	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20
SHO SS revenues <sup>(2)</sup>	\$ 431,044	\$ 519,867	\$ 193,030	\$ 215,605	\$ 11,618	\$ 10,913	\$ 635,692	\$ 746,385
Avg. occupied units/month <sup>(3)</sup>	17,489	21,292	20,567	22,731	3,078	3,072	38,056	44,023
SHO SS REVPOR <sup>(4)</sup>	\$ 8,330	\$ 8,252	\$ 3,730	\$ 3,707	\$ 1,276	\$ 1,200	\$ 5,645	\$ 5,730
SS REVPOR YOY growth	0.9 %		0.6%		6.3%		(1.5)%	

## Leap Year Adjusted:

	Assisted Living/Memory Care <sup>(1)</sup>		Independent Living <sup>(1)</sup>		Senior Apartment		Total	
	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20	1Q21	1Q20
SHO SS revenues <sup>(2)</sup>	\$ 431,044	\$ 516,546	\$ 193,030	\$ 215,539	\$ 11,618	\$ 10,913	\$ 635,692	\$ 742,998
Avg. occupied units/month <sup>(3)</sup>	17,489	21,292	20,567	22,731	3,078	3,072	38,056	44,023
SHO SS REVPOR <sup>(4)</sup>	\$ 8,330	\$ 8,199	\$ 3,730	\$ 3,705	\$ 1,276	\$ 1,200	\$ 5,645	\$ 5,704
SS REVPOR YOY growth	1.6 %		0.7%		6.3%		(1.0)%	

(1) Properties are classified between Assisted Living/Memory Care and Independent Living by predominant unit type.

(2) Represents SS SHO revenues at Welltower pro rata ownership. See previous page for reconciliation.

(3) Represents average occupied units for SS properties related solely to predominant unit type on a pro rata basis.

(4) Represents pro rata SS average revenues generated per occupied room per month.

**welltower**